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Modern vectors of development of the country's tax system: International experience

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Abstract. In the modern world, the development and improvement of tax systems is an important area of economic policy in many countries. The study of international experience in this field allows identifying the most effective strategies and vectors of development of the tax system to ensure sustainable economic growth and compliance with modern requirements of the tax system. This study is aimed at determining the vectors of development of the countries' tax systems and developing recommendations for the implementation of international experience in Kyrgyzstan. By analysing the data of the International Tax Competitiveness Index for the countries of the Organisation for Economic Cooperation and Development, the most effective tax regimes were identified. Using statistical methods such as the Wilcoxon T-test, the countries with the best tax system were identified. Then the key vectors influencing the effectiveness of tax systems were systematised, including digitalisation of tax administration, transparency of legislation, incentives for investors, etc. The study also analysed the features of the tax system of Kyrgyzstan and developed recommendations for the implementation of international experience in its tax system, such as: the introduction of low and competitive tax rates, ensuring simplicity and predictability of the tax system, the introduction of simplified administrative procedures, flexibility and adaptation to changes, a broad tax base, digitalisation of tax administration, the fight against tax evasion, increasing tax transparency, reducing the tax burden and stimulating investment, social justice, and progressive taxation. The recommendations resulting from this study suggest concrete steps to improve the efficiency of tax systems, which can help attract investment, stimulate economic growth, and ensure social justice

Keywords: transparency; corporate tax; digitalisation; tax evasion; bureaucratic procedures

Introduction

Each country chooses its own unique economic path (in particular, market-based or command-and-control), which reflects its specific features of economic development and the dynamics of economic processes. This, in turn, affects the development of various components of the overall economic system, including the tax system of the state. The tax system, being a part of the financial system, must constantly adapt to changes in society. For example, in market-based economies, there is often greater flexibility in tax policy, whereas command-and-control systems may have a more centralised approach to taxation. In addition, changes in the global economy and international relations may also require states to adjust their tax strategies to maintain competitiveness and stability (Sopronenkov *et al.*, 2023). International organisations such as the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF) play a key role in developing recommendations and standards for tax policy. Initiatives to share tax information and combat aggressive tax planning are aimed at creating a fairer and more transparent tax system at the global level.

In different countries of the world, tax systems differ in the type of construction, the number of taxes, the rates of tax payments, the method of their calculation, the type of collection, etc. and they are all based on general principles. One of the main ones is the stability of the legislative framework (Babayev *et al.*, 2022). However, it cannot remain unchanged for decades, and the basic provisions for paying taxes must remain stable for a long time. For example, in the UK, the procedure for introducing new taxes and mandatory payments is extremely complex and involves active communication with citizens. Tax rate increases should be carefully justified and carried out only in force majeure circumstances, when there is a need for a significant increase in budget revenues. Thus, the study of international experience allows countries to adapt best practices to their national circumstances, which contributes to the creation of effective and fair tax systems capable of ensuring stable tax revenue and supporting economic development.

Previous research on the topic has focused on various aspects of tax systems and their impact on the economy. Thus, the study by F. Alshubiri (2024) revealed the impact of foreign direct investment inflows on tax revenues in both developed and developing countries. O.A. Andrenko & S.M. Mordovtsev (2024) presented a methodological approach to assessing the competitiveness of the tax systems of European countries, which was carried out using the International Tax Competitiveness Index. B.R. Delalibera *et al.* (2024) analysed the impact of tax reforms on network effects in the economy. A.F. Vanova *et al.* (2024) compared the main indicators related to the tax pressure on personal income in the countries of the European Union. S. Maier & M. Ricci (2024) considered economic policy issues related to the impact of taxes and social programs on the distribution of income and wealth in society on consumption taxation in EU countries. O. Okunogbe & G. Tourek (2024) analysed ways to increase tax revenues in low-income countries through the use of technology, tax agents, and policies.

J. Pavel *et al.* (2020) assessed the tax factors influencing the distribution of foreign direct investment in post-socialist EU countries. M. Stachová & K. Ščerba (2024) conducted a cluster analysis of tax evasion in EU countries. Thus, recent research points to various aspects of modernising tax systems, including the introduction of digital technologies to improve tax administration and reduce tax evasion. They also draw attention to the importance of aligning tax policies with international standards to attract investment and ensure competitiveness on the global stage (Ismailova *et al.*, 2023). In addition, previous research highlights the importance of developing tax reforms that promote fair tax burden sharing and social justice (Arabaev *et al.*, 2021; Audi *et al.*, 2021; Jensen, 2022).

Despite the large number of studies on this topic, the identification of the main vectors of the development of the tax system of countries and the implementation of international experience for Kyrgyzstan remains open and needs further research and analysis. It is important to deeply investigate international experience in the field of the tax system and identify its applicability to the specific conditions and needs of Kyrgyzstan.

The purpose of the study was to identify modern vectors of development of the tax systems of the countries of the world and to develop recommendations for the implementation of international experience in the tax system of Kyrgyzstan. To achieve the goal, the following tasks were set in the research process:

1. Assess the tax systems of the OECD countries according to the International Tax Competitiveness Index.
2. Systematise the key development vectors that indicate the effectiveness of the countries' tax systems.
3. Consider the specifics of the tax system of Kyrgyzstan and develop recommendations for the implementation of international experience in the country's tax system.

Materials and Methods

The study was conducted according to the following algorithm. The first step was the collection of data on the International Tax Competitiveness Index (ITCI), which assesses how the country's tax system corresponds to two important areas of tax policy: competitiveness and neutrality. Data on OECD countries were collected, including the following indicators: overall rating, general assessment, corporate tax rating, individual tax rating, indirect tax rating, direct tax rating, and rating on the rules of taxation of cross-border transactions. The data was obtained from the report of the Tax Foundation, the world's leading non-profit organisation that researches and analyses tax policies and tax systems around the world (Centre for Global Tax Policy, 2023).

The Wilcoxon T-test was used to identify the most effective tax systems, which made it possible to compare the ranking of countries and determine statistically significant differences between them. In this context, it was used to compare the ranking positions of countries in various ITCI categories. This method was chosen because of its effectiveness in conditions where data distributions are not normal, which is often found in ratings and indexes. The application of the Wilcoxon T-test included the following steps: data conversion – indicators for each category (general rating, corporate tax, individual tax, etc.) were converted into ranks; pair comparison – rank differences were calculated for each pair of countries, which helped to identify differences in their positions in each category; significance analysis – based on the rank differences, a statistical criterion was calculated, which determined whether the differences between countries are statistically significant. Based on the results of this analysis, 15 of the most effective tax systems were selected. These countries have shown the best results in terms of a set of indicators, which indicates a high level of competitiveness and neutrality of their tax systems. Using the methods of analysis and description, the positive aspects of the tax systems of some countries were highlighted, including aspects such as tax rates, tax structure, and rules of cross-border taxation.

At the second stage, based on the analysed information, key development vectors were identified and systematised, which confirm the effectiveness of the countries' tax systems. This stage included the following steps:

- identification of successful practices, which implied an analysis of the features of the tax systems of the countries that took high positions in the ITCI rating, including the study of policies and strategies that enhance tax competitiveness and neutrality;
- systematisation of success factors, where factors contributing to the effective functioning of tax systems were identified and classified, such as transparency of tax legislation, tax flexibility, measures to prevent tax evasion, and incentives for investors.

In the third stage, the tax system of Kyrgyzstan was reviewed. At first, information was collected on the tax system of Kyrgyzstan. Next, the problems that hinder the development of an effective tax system of the country were highlighted. The most important part of this stage was the development of recommendations based on international experience on the implementation of successful practices. These recommendations were structured in such a way that their implementation would contribute to improving the competitiveness and neutrality of the tax system of Kyrgyzstan, which, in turn, should contribute to economic growth and sustainable development of the country.

Results

Analysis of tax systems of countries according to International Tax Competitiveness Index rating

An effective tax system plays a major role in ensuring stable economic growth, social justice, and financial stability of any country. Modern challenges of globalisation, technological progress, and economic integration require constant improvement of tax systems. The most common international rating that evaluates the tax systems of countries is the ITCI, which evaluates how well a country's tax system corresponds to two important areas of tax policy: competitiveness and neutrality.

ITCI was developed by the Centre for Global Tax Policy in collaboration with the Tax Foundation and is designed to evaluate and compare the tax systems of OECD countries. According to ITCI, the competitiveness of the tax system means that marginal tax rates remain low. It should be noted that in today's globalised world, capital is extremely mobile and modern entrepreneurs can choose to invest in any country in order to get the highest rate of return. This means that entrepreneurs will look for countries with lower tax rates for their investments in order to maximise their after-tax profits. If the tax rate in a country is high enough, this will lead to a redirection of investments to other countries, which subsequently leads to a slowdown in the country's economic growth. In addition, high marginal tax rates can discourage domestic investment and lead to tax evasion within the country.

The neutrality of the tax system assumes that taxes do not affect the economzic decisions of entrepreneurs. Neutrality is ensured by the same taxation of similar economic activities and the avoidance of tax benefits for certain groups or industries. Thus, ITCI helps to determine how much the country's tax system promotes investment, ensures economic neutrality, and supports stable economic growth. Figure 1 provides information on the rating of the OECD International Tax Competitiveness Index for 2023.

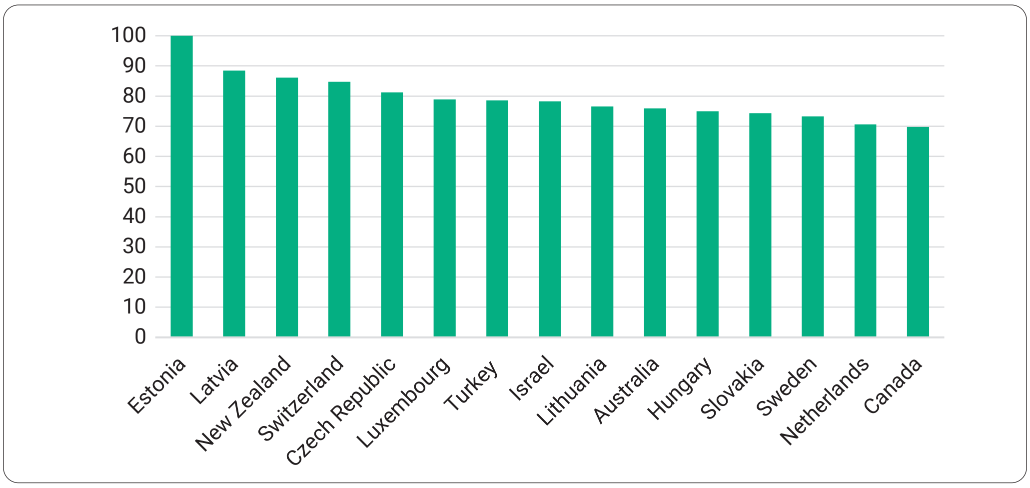

Figure 1. Top 15 OECD tax systems as of 2023
Source: developed by the authors based on Centre for Global Tax Policy (2023)

Thus, in the ITCI 2023 ranking, Estonia took the first place with the highest score due to its simplified and efficient tax system, which includes low corporate tax rates applied only to distributed profits and a simple personal income tax. Latvia, New Zealand, and Switzerland also received a large number of points due to their competitive tax rates and broad tax bases. Luxembourg, Turkey, and Israel have demonstrated effective international tax systems that help attract investment. Other high-performing countries include Lithuania, Australia, Hungary, and Slovakia, which are characterised by transparency and efficiency of tax administration, which contributes to economic growth and investment attraction.

It is important to note that Estonia's tax system is so competitive that it has been ranked first among OECD countries for the 10th year in a row due to four key characteristics. Firstly, Estonia has a corporate income tax rate of 20%, which applies only to distributed profits, which encourages reinvestment of profits. Secondly, the country has a single 20% tax on personal income, which does not apply to income from dividends, which simplifies the tax system and makes it predictable. Thirdly, property tax is levied only on the value of land, and not on the value of real estate or capital, which reduces the tax burden on real estate investments. Ultimately, Estonia applies a regional tax system that exempts 100% of foreign profits earned by domestic corporations from taxation, with minor restrictions, which makes the country attractive to international companies (Centre for Global Tax Policy, 2023).

Although Estonia's tax system is the most competitive in the OECD, the tax systems of other leading countries also received high marks in 2023 due to their performance in key tax categories. Latvia, which has adopted the Estonian corporate profit tax system, also has an effective income tax system (European Commission, 2023). In Latvia, the corporate tax rate on reinvested profits is 0%, meaning all retained corporate profits are tax-free.

New Zealand has a relatively low personal income tax, which largely exempts capital gains from taxation (the total maximum rate is 39%). In addition, there is a value added tax (VAT) in the country (the country introduced VAT in 1986 and taxes are levied on most goods and services at a rate of 15%), and taxes on inheritance, transfer of property, assets or financial transactions are not levied at all (Centre for Global Tax Policy, 2023). Switzerland has a relatively low corporate tax rate (19.7%), a low consumption tax, and an individual income tax, which partially exempts capital gains from taxation. The experience of these countries in the field of taxation and building an effective tax system shows that high performance can be achieved through various approaches to taxation, from low tax rates to a broad tax base and simplified administrative procedures.

Turkey implemented significant changes to its tax system in 2006, including a reduction in the corporate tax rate from 30% to 20% and a progressive personal income tax rate, which led to an increase in its rating from 10th in 2022 to 7th in 2023. It is also important to add that in recent years Turkey has been actively working to improve its tax administration and reduce bureaucratic procedures for businesses (Centre for Global Tax Policy, 2023). The introduction of a special preferential regime in Australia in 2022, which reduces the tax burden for international companies specialising in the development of patents, software and computer programmes, led to a decrease in its rating from 6th to 10th place. While such a measure is aimed at stimulating innovation and investment in research and development, it can also complicate the tax system and create opportunities for aggressive tax planning. In Australia, the taxation system includes VAT, which is 10% and applies to many goods and services. Thus, one of the strengths is the optimised taxation of real estate, where taxes are charged on the value of land, and not on real estate or improvements on it. An integrated approach to dividends in corporate and individual taxes eases the burden of double taxation of distributable income.

The Canadian tax system has its advantages and disadvantages. Among the strengths are low consumption taxes, although the consumption tax base is relatively narrow. In addition, Canada allows businesses to immediately amortise investments in equipment, and also does not levy taxes on wealth, property, or inheritance. However, there are disadvantages in the system, among which it is worth noting the high physical tax on dividends, which is 39.3%, which is significantly higher than the average according to the OECD (Centre for Global Tax Policy, 2023). Capital gains are also taxed at a rate of 26.76%, while the OECD average is lower at 19.26%. Corporate tax in Canada is 26.2%, which is higher than the average among OECD countries (23.6%) (Centre for Global Tax Policy, 2023; Organisation for Economic Co-operation and Development, 2023).

The Czech tax system has a number of strengths, including a relatively low corporate rate of 19%, which is below the OECD average, and minimum labour taxes that do not distort economic activity. In addition, the Czech Republic has a territorial tax system, which means that foreign dividends and capital received from other European countries are exempt from taxation. However, there are some disadvantages, including a high VAT threshold, limited time limits for transferring net operating losses, and strict capitalisation rules, which makes the Czech system one of the strictest in the OECD.

Identification and systematisation of key development vectors that confirm the effectiveness of countries' tax systems

Based on the information provided, it is advisable to identify and systematise the key vectors that affect the effectiveness of the tax systems of countries (Table 1).

Table 1. Key vectors of development of the tax systems of the countries

No.	Factors	Description
1	Digitalisation of tax administration	Digitalisation of tax administration is one of the most significant factors in improving the efficiency of tax systems. The introduction of information technologies allows automating the tax collection process, reduce the number of errors, and improving interaction between taxpayers and tax authorities. Examples of countries that have successfully implemented digitalisation include Estonia and Singapore, where the use of electronic tax systems has significantly reduced administrative costs and increased the level of voluntary compliance with tax legislation
2	Combating tax evasion	Effective mechanisms to combat tax evasion are critical to ensure the fairness of the tax system and increase tax revenues. International initiatives such as Base Erosion and Profit Shifting (BEPS)* are aimed at preventing aggressive tax planning and improving coordination between countries. The automatic exchange of tax information, implemented within the framework of the OECD standards, has significantly increased transparency and allowed for more effective detection of tax evasion
3	Increasing tax transparency	The transparency of the tax system helps to increase the confidence of taxpayers and increase the efficiency of tax administration. International tax transparency standards require countries to ensure the openness of tax information and disclosure of data on tax benefits and tax planning schemes. Countries that are actively implementing these standards, such as the Netherlands and the United Kingdom, demonstrate a higher level of tax discipline and tax collection.
4	Reducing the tax burden and stimulating investments	A competitive tax system characterised by low marginal tax rates helps attract investment and stimulate economic growth. In the context of global capital mobility, countries with lower taxation levels attract more investors, which has a positive effect on economic development. Examples of such countries include Ireland and Switzerland, which have successfully used tax incentives to attract international business and investment.
5	Social justice and progressive taxation	Social justice is an important aspect of an effective tax system. Progressive taxation, in which tax rates increase with income growth, contributes to the redistribution of wealth and the reduction of social inequality. Countries with highly developed social policies, such as Sweden and Norway, are successfully integrating progressive taxation to achieve a fair distribution of the tax burden

Note: *BEPS – the concept of "tax base erosion and profit shifting" refers to tax planning strategies that exploit deficiencies and discrepancies in national and international tax laws to artificially shift profits to low or zero tax territories where economic activity is limited or non-existent. This leads to a reduction or avoidance of income tax obligations. The practice of BEPS affects all countries, but it has a particularly big impact on developing economies due to their high dependence on corporate profit taxation, in particular, multinational corporations
Source: developed by the authors

Thus, the effectiveness of the tax system depends on an integrated approach that includes digitalisation, combating tax evasion, improving transparency, reducing the tax burden and ensuring social justice. International experience shows that the integration of these factors contributes to the creation of sustainable and fair tax systems capable of supporting economic development and the well-being of society.

Overview of the tax system of Kyrgyzstan and recommendations for the implementation of international experience

The tax system of Kyrgyzstan is regulated by the Tax Code, which establishes the taxation procedure in the country. The main types of direct taxes are income tax and profits tax. Income tax for legal entities and foreign companies is 10%, income tax for individuals is also 10%. In addition, there is a property tax, which includes taxes on real estate and vehicles, the rate of which depends on the value and type of property. Indirect taxes include VAT at a rate of 12%, which is levied on sales of goods and services within the country and on imported goods. Excise taxes are also levied on certain types of goods, such as alcohol, tobacco, gasoline and diesel fuel, with rates depending on the type of product. In addition to basic taxes, there are special taxes in Kyrgyzstan, such as the tax on the use of mineral resources, which is levied on companies engaged in mining, and import VAT on goods imported into the country. A patent taxation system is provided for small businesses, allowing entrepreneurs to pay a fixed amount of tax instead of an interest rate. Agricultural enterprises and farmers can benefit from a single tax on agricultural producers, the rate of which depends on the area of land used (Organisation for Economic Co-operation and Development, 2023; Mukimov, 2024). These features of the tax system are aimed at supporting various sectors of the economy and simplifying the tax burden for small businesses.

The administration and collection of taxes are carried out by the State Tax Service, which is responsible for compliance with tax legislation, collecting tax revenues and maintaining tax records. Kyrgyzstan has also signed agreements with a number of countries to avoid double taxation, which allows taxpayers to avoid double taxation of the same income when working in several jurisdictions. Thus, the tax system of Kyrgyzstan is a complex structure that includes direct and indirect taxes, special tax regimes and international cooperation measures to ensure government revenues and support economic activity in the country (Adamkulova & Tynaliev, 2023). Despite the low tax rates, the tax system of Kyrgyzstan faces a number of problems that hinder its development. Many businesses and individuals avoid paying taxes, which leads to significant losses for the state budget. The high level of the shadow economy and tax evasion remain serious problems that require increased control and measures to improve tax discipline. Frequent changes in tax legislation and complex and ambiguous regulations create additional difficulties for taxpayers. Small and medium-sized businesses are particularly affected by the difficulty in understanding and complying with tax requirements, which can lead to errors and penalties.

Despite the fact that Kyrgyzstan's digital transformation policy is defined in several strategic documents, such as the National Development Strategy of the Kyrgyz Republic for 2018-2040 (2018), the Programme of the Government of the Kyrgyz Republic "Unity. Trust. Creation" for 2018-2022 (2018) and the National Digital Transformation Programme "Digital Kyrgyzstan-2019-2023" (2019), the level of digitalisation remains extremely low (United Nations Development Programme, 2021). The main problems remain low digital literacy and the lack of a targeted investment plan for the development of digital human capital. Despite the dynamic development of the IT sector in Kyrgyzstan, the main barrier to its expansion is the lack of qualified IT specialists and the leakage of talented Kyrgyz developers abroad to foreign employers.

The Kyrgyz economy is characterised by a low tax base, which makes it difficult to collect sufficient tax revenues to finance government spending. In addition, uneven taxation between different sectors of the economy leads to an imbalance in tax revenues. Based on the principles of the success of the tax system presented in the table, the following recommendations can be formulated for Kyrgyzstan on borrowing international experience (Table 2). The implementation of these recommendations will allow Kyrgyzstan to improve the efficiency of its tax system, stimulate economic growth and ensure fair taxation.

Table 2. Recommendations for borrowing international experience in the field of successful development of tax systems for Kyrgyzstan

No.	Recommendations	Description	Country of borrowing
1	Introduction of low and competitive tax rates	Studying the experience of countries with low tax rates and adapting their models to attract investment and stimulate economic growth: 1. Adapt the tax rate model to attract investment and stimulate economic growth. 2. Consider introducing a low corporate tax rate applied only to distributed profits in order to encourage companies to reinvest income.	Estonia, New Zealand, Turkey
2	Ensuring the simplicity and predictability of the tax system	Studying the experience of countries with a simple and predictable tax system to increase taxpayer confidence and tax transparency: 1. Introduce a single tax on personal income, which does not apply to income from dividends, to simplify the tax system. 2. Ensure the predictability of tax changes and the stability of tax policy to increase the confidence of taxpayers.	Estonia

Table 2, Continued

No.	Recommendations	Description	Country of borrowing
3	Introduction of simplified administration procedures	Studying Estonian experience of efficient tax administration to reduce administrative costs and improve interaction with business: 1. Adapt the Estonian tax system to reduce the administrative costs of business and the state. 2. Introduce digital technologies to automate tax collection processes and improve interaction between taxpayers and tax authorities.	Estonia
4	Flexibility and adaptation to changes	Studying examples of successful adaptation of the tax system to changes in the economy to stimulate innovation and investment: 1. Study the Turkish experience in reducing corporate tax rates to adapt the tax system to changes in the economy. 2. Consider the introduction of measures that stimulate innovation and investment to support economic growth.	Turkey
5	Broad tax base	Studying the experience of broad-based taxation countries to reduce the tax burden and incentives for tax evasion: 1. Consider the introduction of value added tax (VAT) and the absence of taxes on inheritance, transfer of property, and financial transactions to reduce the tax burden on certain categories of taxpayers.	New Zealand, Latvia, Switzerland
6	Digitalisation of tax administration	Studying the experience of Estonia and Singapore in digitalising tax administration to automate the tax collection process and increase transparency: 1. Implement electronic tax systems to automate tax collection processes and increase transparency of the tax system. 2. Consider the possibility of creating electronic platforms to simplify interaction with tax authorities and improve the quality of services provided.	Estonia, Singapore
7	Combating tax evasion	Studying international initiatives such as BEPS to prevent tax evasion and improve tax collection: 1. Adopt international standards for tax transparency and information exchange to prevent tax evasion and increase tax collection. 2. Consider the introduction of mechanisms for the automatic exchange of tax information to improve tax transparency and efficiency.	
8	Increasing tax transparency	Studying the experience of the Netherlands and the United Kingdom in ensuring transparency of the tax system to increase taxpayer confidence: 1. Ensure the openness of tax information and disclosure of data on tax benefits and tax planning schemes to increase taxpayer confidence and tax collection. 2. Consider the implementation of international standards for tax transparency and reporting to comply with international requirements.	Netherlands, Great Britain, Australia, Slovakia, Hungary
9	Reducing the tax burden and stimulating investments	Studying the experience of countries with a competitive tax system to attract investors and stimulate economic growth: 1. Investigate models of a competitive tax system that attract investors and promote economic growth. 2. Consider the possibility of reducing marginal tax rates and introducing tax incentives to attract international business and investment.	Ireland, Switzerland
10	Social justice and progressive taxation	Studying the experience of Sweden and Norway on the application of progressive taxation to reduce social inequality and ensure equity: 1. Study the experience of applying progressive taxation to reduce social inequality and ensure a fair distribution of the tax burden. 2. Consider the possibility of introducing a progressive scale of taxation for a more equal distribution of tax payments among various categories of the population.	Sweden, Norway

Source: developed by the authors

Thus, the introduction of low and competitive tax rates, digitalisation of tax administration, combating tax evasion, ensuring transparency of the tax system, stimulating investment and social justice are key areas that Kyrgyzstan needs to actively adapt to improve the efficiency of its tax system, attract investment, stimulate economic growth, and ensure social justice in the country.

Discussion

The tax system is the main instrument of the state's economic policy, determining not only the amount of tax revenues, but also the establishment of social justice, stimulating investment and the development of the economy as a whole, which is confirmed by many objective studies, in particular V. Teremetsky *et al.* (2024) and S. Night & J. Bananuka (2019). In the light of global challenges in the global economy, the relevance and importance of this topic are becoming more and more obvious. The main vectors of development of the world's tax systems cover a wide range of aspects, including attracting investments, redistributive function, fair distribution of the tax burden, stimulating economic growth and innovation, combating tax evasion and inefficient use of tax resources, which is reflected in research R. Ramfol (2019) and J. Hájek & C. Olexová (2022). In the context of globalisation and digitalisation of the economy, tax policy must be adaptive and flexible to successfully respond to new challenges and support sustainable development. Effective tax systems contribute not only to economic growth, but also to social well-being, ensuring an equitable distribution of resources and reducing inequality (Asllani & Schneider, 2024). It is important that the tax policy is constantly improved, considering advanced international practices and innovative approaches to increase its effectiveness and competitiveness on the world stage. This requires constant monitoring and analysis of global trends in taxation and the rapid implementation of best practices. The use of new technologies and digital tools can significantly increase the transparency and efficiency of tax administration. Ultimately, a successful tax policy should contribute to the creation of a stable and predictable economic environment that encourages investment and innovation, and ensures long-term economic prosperity (de Vasconcelos Fernandes, 2024).

This study on the assessment of the tax systems of OECD countries using the international ITCI rating is a multi-stage process that includes the collection and analysis of data on various aspects of tax policy. One of the key results was the identification of the strengths and weaknesses of tax systems, their competitive advantages, and the determination of the effectiveness of tax systems in various countries. The analysis of the ITCI rating data and the comparison of indicators of various tax systems allowed forming an objective idea of the degree of attractiveness and effectiveness of these tax systems. These findings are supported by the study by J.M. Monyake *et al.* (2023), who also found that changes in tax policy significantly affect the investment decisions of enterprises in the post-Soviet region, which, in turn, affects economic growth and investment activity. Further, within the framework of this study, the key vectors of the development of tax systems that influence their effectiveness were systematised. During the analysis, aspects such as transparency of tax legislation, tax flexibility, measures to prevent tax evasion and incentives for investors were highlighted. In particular, it was found that transparency of tax legislation plays an important role in building trust in the tax system and creating a favourable business environment. This corresponds to the conclusions obtained by O. Okunogbe & G. Tourek (2024), who focused on the importance of using new information technologies to increase the transparency of the tax system and improve the administration of tax interventions, which leads to an increase in tax revenues in low-income countries.

It has been found that countries that actively implement modern technologies for monitoring and administering tax liabilities tend to achieve greater efficiency in tax collection and reducing tax evasion. This is also consistent with the conclusions of T. Belt *et al.* (2024), which showed that the use of information technology to identify taxpayers and verify tax obligations significantly improves tax collection in low-income countries. The introduction of such technologies not only increases the transparency of the tax system, but also strengthens the trust of taxpayers, which contributes to more sustainable economic development. Transparency of tax legislation contributes not only to reducing the level of tax evasion, but also to the development of social justice, which, in turn, strengthens public confidence in the tax system and the state as a whole. These findings correlate with the research by A.F. Alshirah *et al.* (2019) and P.B. Saptono *et al.* (2024), emphasising the importance of transparency and social justice in the tax system to stimulate sustainable economic growth. In addition, during this study, the main problems and shortcomings of the Kyrgyz tax system were identified, such as a complex taxation procedure, a high degree of bureaucratisation, insufficient transparency of tax legislation, and problems with the effectiveness of tax revenue collection. Based on the analysis of international experience and best practices in the field of taxation, recommendations were developed for the implementation of international experience in the tax system of Kyrgyzstan. These recommendations have the potential to significantly improve the Kyrgyz tax system, which can contribute to the development of the business environment, attract investment, and stimulate economic growth. This correlates with the research by V. Ahmadov & Z. Pashayev (2024), who studied the consequences of tax reform and the impact of the abolition of heterogeneity of tax rates on the economy, showing that such reforms can contribute to improving the economic situation and investment attractiveness. In addition, this study revealed that the rules of taxation of cross-border transactions play a critical role in the overall effectiveness of the tax systems of OECD countries. The analysis showed that countries with more transparent and well-regulated rules for cross-border transactions tend to show higher ITCI ratings (Tchiotashvili *et al.*, 2024).

The importance of these aspects was also noted by A. Erkeno *et al.* (2024), who emphasised the need to adapt tax systems to modern economic realities and challenges.

The use of innovative approaches and technologies in tax administration, as revealed in this study, plays a critical role in combating tax evasion and improving the efficiency of using tax resources. In addition, a study by A.F. Vanova *et al.* (2024) assessed the income tax burden in various EU member states and provided valuable information on how this tax burden has changed over time and how it differs between countries. This study, focusing on the analysis of successful tax systems in the world, also revealed that the effectiveness of tax systems depends on the ability to adapt to changes in the economic environment, which includes regular revision of tax rates and tax conditions. These findings confirm the importance of tax flexibility, which was also noted as a key factor contributing to the successful functioning of tax systems.

Thus, it can be noted that the advantages of this study lie in its comprehensive nature and practical significance for the development of an effective tax policy. The study identified optimal strategies based on the successful experience of tax systems in the world and offered recommendations for improving the tax system based on current trends. Therefore, it can be argued that this study is a valuable tool for making informed decisions in the field of tax policy for Kyrgyzstan, contributing to its economic development and social justice. In addition, the implementation of the proposed recommendations can significantly improve the competitiveness of the tax system of Kyrgyzstan in the international arena and create favourable conditions for attracting investment and business development.

Conclusions

The development of the tax systems of the countries is one of the important directions in the field of economic policy. An effective tax system contributes to sustainable economic growth, social justice, and financial stability of the state. In the context of globalisation and a dynamically changing economic environment, countries are actively exploring and adopting international experience to modernise and improve their tax systems.

The assessment of the OECD countries' tax systems using the ITCI international rating is a multi-stage process that includes the collection and analysis of data on various aspects of tax policy. During this stage, a comprehensive study of tax systems was carried out, covering the overall rating of the tax system, corporate and individual taxes, and the rules for taxation of cross-border transactions. The main purpose of this assessment was to determine the effectiveness of tax systems in various countries and identify trends in their development. By analysing the data on the ITCI rating and comparing the indicators of various tax systems, it was possible to form an objective idea of the degree of attractiveness and effectiveness of these systems. In the process, the strengths and weaknesses of tax systems and their competitive advantages were identified. Thus, the assessment of tax systems using the ITCI international rating is an important tool for analysing and comparing tax policies of different countries, which allows identifying common trends in the development of tax systems and determining the most attractive and effective approaches to taxation.

The second task was to systematise the key vectors of the development of tax systems that affect their effectiveness. Various aspects were considered during the analysis, including transparency of tax legislation, tax flexibility, measures to prevent tax evasion, and incentives for investors. Transparency of tax legislation plays an important role in building trust in the tax system and creating a favourable business environment. Tax legislation should be understandable and accessible to taxpayers, which helps to comply with tax obligations and reduce the risk of misconduct. Tax flexibility allows tax systems to adapt to changing economic conditions and business needs, which includes the possibility of regularly reviewing tax rates and tax conditions in accordance with the current economic situation.

The study also identified the main problems and shortcomings of the tax system of Kyrgyzstan, such as complex taxation procedure, high degree of bureaucratisation, lack of transparency of tax legislation, and problems with the efficiency of tax revenue collection. Based on the analysis of international experience and best practices in the field of taxation, recommendations were developed for the implementation of international experience in the tax system of Kyrgyzstan. The implementation of these recommendations has the potential to significantly improve the tax system of Kyrgyzstan, increase its efficiency and comply with modern standards and practices in the field of taxation. This, in turn, can contribute to the development of the business environment, attract investment, and stimulate economic growth and social development in the country. In the next study, it is relevant to focus on a comparative analysis of tax systems in developed and developing countries, evaluating the impact of digitalization on tax administration and its effectiveness in reducing tax evasion.

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Conflict of Interest

None.

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Анотація. У сучасному світі розробка та вдосконалення податкових систем є важливим напрямом економічної політики багатьох країн. Дослідження міжнародного досвіду в цій галузі дає змогу виявити найефективніші стратегії та вектори розвитку податкової системи для забезпечення сталого економічного зростання та відповідності сучасним вимогам податкової системи. Це дослідження спрямоване на визначення векторів розвитку податкових систем країн і розробку рекомендацій для імплементації міжнародного досвіду в Киргизстані. Шляхом аналізу даних Міжнародного індексу податкової конкурентоспроможності для країн Організації економічного співробітництва та розвитку було виявлено найефективніші податкові режими. За допомогою статистичних методів, таких як Т-критерій Вілкоксона, було визначено країни з найкращою податковою системою. Потім було систематизовано ключові вектори, що впливають на ефективність податкових систем, включно з цифровізацією податкового адміністрування, прозорістю законодавства, стимулами для інвесторів тощо. Також під час дослідження було проаналізовано особливості податкової системи Киргизстану та розроблено рекомендації для імплементації міжнародного досвіду в його податкову систему, як-от: запровадження низьких і конкурентоспроможних податкових ставок, забезпечення простоти й передбачуваності податкової системи, запровадження спрощених процедур адміністрування, гнучкість та адаптація до змін, широка база оподаткування, цифровізація податкового адміністрування, боротьба з ухиленням від сплати податків, підвищення податкової прозорості, зниження податкових тарифів та інфляції. Рекомендації, що випливають із цього дослідження, пропонують конкретні кроки для підвищення ефективності податкових систем, що може сприяти залученню інвестицій, стимулюванню економічного зростання та забезпеченню соціальної справедливості

Ключові слова: прозорість; корпоративний податок; цифровізація; ухилення від сплати; бюрократичні процедури; ухилення від сплати