

## Correlation between taxes and inflation in the Republic of Kazakhstan

Assel S. Bekbossinova<sup>1</sup>, Diana Yelikbayeva<sup>1\*</sup>, Inkara Dinmukhamedkyzy<sup>1</sup>,  
Alikhan Zhumabay<sup>1</sup>

<sup>1</sup> *K.Sagadiyev University of International Business, Almaty, Kazakhstan*

### Abstract

A comprehensive study is pivotal for adeptly articulating the intricate interplay between tax policy and inflation within the global economic framework. This exploration elucidates the consequential relationship between taxation adjustments and inflationary trends, providing a bedrock for harmonizing international policy. By deploying econometric methodologies, the analysis meticulously examines data sourced from official channels over a specified timeframe to ascertain the correlation magnitude between these critical economic indicators. The study meticulously considers various determinants that could influence the taxes-inflation nexus, such as the unemployment rate, average wage levels, and the spectrum of tax indicators within a nation. Central to this inquiry is the examination of how alterations in tax policy - specifically tax rate modifications—impact inflationary pressures. This examination is instrumental in furnishing policymakers with the insights required to calibrate tax policies adeptly, thereby mitigating inflation risks while fostering sustainable economic expansion. In delving into these dynamics, the research enriches the corpus of knowledge on the implications of fiscal policy for macroeconomic stability. The analytical outcomes derived from the data not only enhance our comprehension of the complex interplay between taxation and inflation but also serve as a crucial resource for crafting efficacious economic strategies. This contribution is of immense value to the discourse on fiscal policy's role in achieving macroeconomic objectives, underpinning the study's significance in informing policy formulation and international economic cooperation aimed at minimizing adverse global economic impacts.

**Keywords:** taxpayers, taxation, inflation, development, state budget, tax system, finance, population growth, dependence

# Қазақстан Республикасындағы салықтар мен инфляция арасындағы байланыс

Бекбосинова Ә.С.<sup>1</sup>, Еликбаева Д.<sup>1\*</sup>, Динмухамедқызы И.<sup>1</sup>, Жұмабай Ә.<sup>1</sup>

<sup>1</sup> Қ.Сағадиев атындағы Халықаралық бизнес университеті, Алматы, Қазақстан

## Түйін

Жаһандық экономикада салықтар мен инфляция арасындағы байланысты зерттеу елдер арасындағы ынтымақтастық саясаты үшін де маңызды. Салықтардың инфляцияға әсерін түсіну елдерге өздерінің экономикалық саясатын үйлестіруге және жаһандық экономикаға кері әсерін азайтуға көмектеседі. Сондықтан салық саясаты мен инфляция деңгейінің өзара кешенді байланысын түсіндіру және салық өзгерістерінің экономикадағы инфляциялық процестерге әсерін бағалау маңызды. Эконометриялық талдау әдістерін қолдана отырып, екі құбылыс арасындағы корреляция дәрежесін бағалау үшін белгілі бір кезеңде ресми ресурстардан жиналған деректер талданады. Салықтар мен инфляцияның арақатынасына әсер етуі мүмкін факторлар, соның ішінде жұмыссыздық деңгейі, орташа жалақы деңгейі, елдегі салықтардың әртүрлі түрлерінің көрсеткіштері қарастырылады. Зерттеу салық саясатындағы қандай өзгерістер, оның ішінде салық ставкаларының өзгеруі экономикадағы инфляция деңгейіне әсер етуі мүмкін екенін анықтауға бағытталған. Бұл динамикаларды түсіну саясаткерлерге тұрақты экономикалық өсуді ынталандыру кезінде инфляциялық тәуекелдерді азайтуға бағытталған фискалдық саясатты түзету туралы негізделген шешім қабылдауға мүмкіндік береді. Зерттеу фискалдық саясат пен макроэкономикалық көрсеткіштер бойынша бар әдебиеттерге үлес қосады. Талданған деректер тиімді экономикалық саясатты әзірлеу үшін маңызды болып табылатын салық салу мен инфляция арасындағы күрделі өзара әрекеттесуді жақсы түсінуге көмектеседі.

**Кілттік сөздері:** салық төлеушілер, салық салу, инфляция, даму, мемлекеттік бюджет, салық жүйесі, қаржы, халық санының өсуі, тәуелділік

# Взаимосвязь между налогами и инфляцией в Республике Казахстан

Бекбосинова А.С.<sup>1</sup>, Еликбаева Д.<sup>1\*</sup>, Динмухамедкызы И.<sup>1</sup>, Жумабай А.<sup>1</sup>

<sup>1</sup> *Университет Международного Бизнеса им. К. Сагадиева, Алматы, Казахстан*

## Аннотация

В условиях глобальной экономики исследование взаимосвязи между налогами и инфляцией, также важно для политики сотрудничества между странами. Понимание влияния налогов на инфляцию может помочь странам скоординировать свою экономическую политику и минимизировать негативное влияние на мировую экономику. Поэтому важно объяснить сложное взаимодействие налоговой политики и темпов инфляции, оценить влияние изменения налогообложения на инфляционные процессы в экономике. С помощью методов эконометрического анализа анализируются данные, собранные из официальных ресурсов за определенный период, для оценки степени корреляции между этими двумя явлениями. Рассмотрены факторы, которые могут повлиять на взаимосвязь между налогами и инфляцией, в том числе уровень безработицы, уровень средней заработной платы, а также показатели различных видов налогов в стране. Исследование направлено на выявление того, какие изменения налоговой политики, в том числе изменения налоговых ставок, могут повлиять на уровень инфляции в экономике. Понимание этой динамики позволяет политикам принимать обоснованные решения по корректировкам налоговой политики, направленным на смягчение инфляционных рисков и одновременное стимулирование устойчивого экономического роста. Исследование дополняет существующую литературу по налогово-бюджетной политике и макроэкономическим результатам. Проанализированные данные помогают лучше понять сложное взаимодействие между налогообложением и инфляцией, что имеет решающее значение для разработки эффективных экономических стратегий.

**Ключевые слова:** налогоплательщики, налогообложение, инфляция, развитие, государственный бюджет, налоговая система, финансы, рост населения, зависимость

## Introduction

Tax revenues play a vital role in the activities of any state. As it is known, taxes arise with the establishment of a state and serve as a basis of its existence. A sufficient volume of tax revenues allows the state to increase the system of expenses, channeling funds to the development of strategic industries, taking into account the need and prospective for their development to modernize production and improve the economy's competitiveness.

This paper examines taxes and their impact on important economic indicators in Kazakhstan, such as population growth, tax statistics, and inflation. Kazakhstan is the 9th largest country in the world [1]. It is dynamically developing in Central Asia from an economic point of view. Kazakhstan had its path to becoming an independent state, for several years of independence it has passed a thorny path and at the same time achieved good results, putting its importance on the international field, becoming a member of the International Community.

In order to become a strong country, Kazakhstan has carried out numerous economic reforms, allocating a particularly significant place to education since the future of the country is in the hands of an educated young population. Do not forget the fact that development is also gaining momentum and continues to grow and expand borders.

To date, Kazakhstan has implemented a whole range of measures to ensure sustainable economic development, reduce the negative effects of external factors, and ensure both economic and political stability [2].

Economic development is an integral part of the state. The most important indicators are the allocation of the budget and its efficiency and effectiveness [3]. The financial system and the state budget are considered to be one of the driving mechanisms of economics and politics. It is through the state budget that a direct impact is made on many economic indicators of the country.

Due to financial centralization, funds are allocated to unique and specific areas of economic and social development, and they are transferred to the preparation of conditions for the successful implementation of the economic and social policy of the state [2, p.2]. The centralization of funds is necessary for the organization and functioning of the economy as a whole [3, p.5].

The composition and structure of income and expenses depend on the directions of implementation of the budget and tax policy of the state, implemented in specific socio-economic and historical conditions. As a rule, the source of income is tax revenues. Currently, the main system-forming factors of the global scientific and technological progress, internationalization and globalization of all economic activity, and the active use of market instruments are the determinants of its integrity and unity. The creation of a workable and efficient system of state financial control is one of the main tasks facing developed countries, including the Republic of Kazakhstan.

This work aims to analyze statistical data and how tax simplification can affect further economic condition of the country. Population growth is the most critical indicator of the country. The population that fills the country reflects the economic state. According to the census, more than 20 million Kazakhstanis are already in the country. With the increase in growth, the number of taxes also increases; to be more precise, the

number of taxpayers increases, which can lead to an increase in tax revenues for the budget. Taxpayers' structure may change, affecting changes in tax rates or types of taxes. The costs of various social programs are increasing; this is due to the financing of these activities [4]. Population growth may require additional infrastructure costs. These costs can be covered by increasing tax revenues.

Another valuable factor is inflation, which is associated with different economic indicators. For example, inflation for food, goods, and real estate. All these are essential and integral things in a person's life. With an increase in inflation, company revenues may increase as taxation increases due to inflation.

### **Literature review**

In recent years, there has been an increased interest in research related to the state budget. Many scientists draw attention to the importance of effectively managing public finances and tax revenues to ensure economic stability and social development. Research in the field of public revenues and expenditures, as well as tax policy analysis, have become a topical topic for many researchers. In particular, the analysis of the problem of tax debt and the search for effective methods of its reduction is becoming an increasing priority in the context of ensuring a sustainable financial condition of the state.

The discourse surrounding taxation is of paramount significance due to its profound impact on the fiscal health of nations, corporate entities, and individuals. The subject of taxation is perennially relevant as it embodies a pivotal element in the financial architecture of societies.

Adam Smith, a seminal figure in economic thought, underscored capital mobility in response to taxation. When confronted with onerous taxation, he posited that the owner of capital may opt to relocate the capital to more favorable tax jurisdictions, thereby avoiding excessive fiscal burdens.

Contemporary scholarly discourse offers a multitude of interpretations regarding the concept and function of tax control. E.V. Porollo articulated a dual perspective on tax control: firstly, as an integral facet of the state's economic administration, and secondly, as an enforcement mechanism of tax legislation. This duality embodies a classical system characterized by various passive elements and their dynamic interplay, fostering continuous refinement and evolution of tax control systems.

In contrast, A.V. Bryzgalin's viewpoint encapsulates tax control as a legally established ensemble of procedures and methods employed by authorities to ensure adherence to tax laws and the accuracy and timeliness of tax payments to governmental and extra-governmental funds.

Moreover, recent years have seen an expansion of financial and psychological research focusing on the issue of tax arrears, a phenomenon demanding a granular analysis of its economic essence. As defined in Ushakov's dictionaries, "Arrears" denote the overdue portion of tax or other mandatory charges. The scholarly economic community, including researchers like A.S. Titov, has diligently examined tax arrears, framing them as unlawful fiscal liabilities reflecting unpaid tax obligations which stem from illicit taxpayer activities.

Despite ongoing reforms and enhancements in tax mechanisms, the conundrum of tax arrears persists, garnering particular attention within the context of the Unified Economic Space. Thus, the amelioration of tax arrears represents an urgent imperative in contemporary economic policy-making.

For 2024, Kazakhstan continues to reform tax mechanisms, which essentially correspond to the views of economists such as Adam Smith, E.V. Parollo, and A.S. Titov. In accordance with Adam Smith's views, one of the critical principles of the reforms is the desire for minimal government intervention in the economy. In this context, the reforms of tax mechanisms are aimed at reducing the tax burden on entrepreneurship and investments. This allows us to stimulate economic growth and business development, which corresponds to the concept of a free market put forward by Smith. According to E.V. Parollo, the tax system's fairness and transparency are an important aspect.

The reforms aim to simplify tax payment procedures, prevent corruption and ensure equal conditions for all market participants. This contributes to developing a competitive economy and strengthens trust in government institutions. According to A.S. To Titov, the tax system must be focused on stimulating economic growth and investment. Reforms in Kazakhstan include the provision of tax incentives for specific industries and investment projects, which helps to attract capital and develop new sectors of the economy. Moreover, the improvement of tax mechanisms in Kazakhstan is also associated with the introduction of digital technologies to improve tax administration and data collection, which increases the system's efficiency and reduces opportunities for tax evasion.

Thus, tax reforms in Kazakhstan for 2024 reflect the principles of minimal government intervention, fair and transparent taxation, as well as stimulating economic growth and investment, which are consistent with the views of prominent economists such as Adam Smith, E.V. Parollo, and A.S. Titov, A.V. Bryzgalin.

## **Methodology**

In the context of the spread of tax processes, countries pay more attention to improving the tax system and determining the direction of the tax policy of the country, which is a crucial indicator of tax competition. With the improvement of the mobility of labor and capital resources, another type of competition has emerged at the international level. It manifests itself in the form of competition of tax institutions and represents the competition of countries for obtaining these resources. Its impact on global financial flows and the redistribution of labor and capital is as significant as ambiguous. The objective of the article is to examine the primary metrics of Kazakhstan's tax framework and evaluate its influence on the nation.

The evaluation of Kazakhstan's tax system should consider both its direct and indirect effects on the economy. Direct effects include the immediate financial impact on businesses and individuals. In contrast, indirect effects might be observed in the country's ability to attract foreign direct investment, the mobility of skilled labor, and the stimulation of domestic entrepreneurship and innovation. Additionally, the role of tax incentives in fostering sectors deemed strategic for national development, such as technology, renewable energy, or manufacturing, warrants close examination.

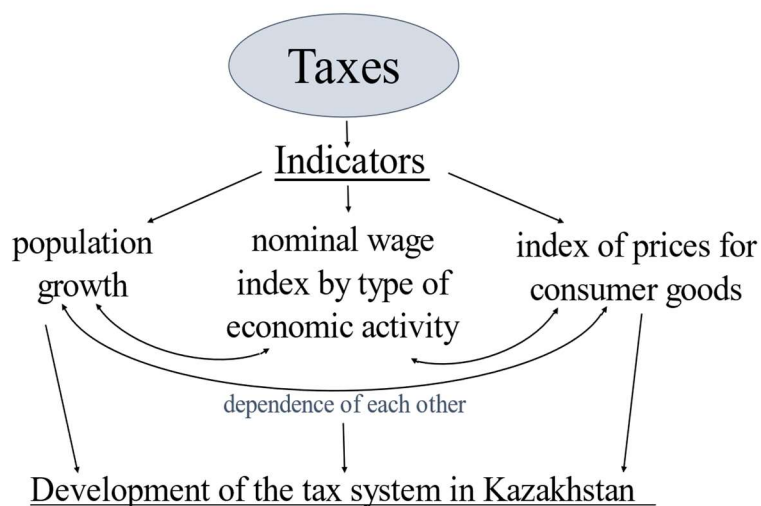


Figure 1 – Scheme of work plan

Note: compiled by authors

In the methodology, primary data was taken into account, such as surveys and interviews conducted with taxpayers, tax professionals, policymakers, and relevant stakeholders to gather firsthand information on perceptions, experiences, and opinions regarding taxation in Kazakhstan. Secondary data from existing literature, reports, official documents, and statistical databases from government agencies, international organizations, academic journals, and reputable sources will be reviewed to gather historical data, legislative information, and scholarly insights on taxation in Kazakhstan. The research is based on the tax system and tax income of the Republic of Kazakhstan in the international tax competitive environment.

### Analysis

The analysis of taxes and their impact on various aspects of the economy is a critical endeavor in understanding the intricacies of fiscal policy and its implications for economic performance. Taxes play a pivotal role in government revenue generation, income redistribution, and the regulation of economic activity. As such, examining the relationship between taxes and critical economic variables, such as inflation, provides valuable insights into the mechanisms through which fiscal policy influences overall economic outcomes.

In light of these complexities, analyzing the relationship between taxes and inflation requires a comprehensive approach that considers both direct and indirect channels of influence. Econometric methods provide valuable tools for quantifying these relationships and assessing the magnitude of tax effects on inflation. By understanding the dynamics of taxation and its implications for price stability, policymakers can

formulate informed fiscal policies to achieve sustainable economic growth while managing inflationary risks. The analysis of the environmental taxes indicator for the period from 2016 to 2022 allows us to identify interesting trends and changes in this tax sector in Figure 2.

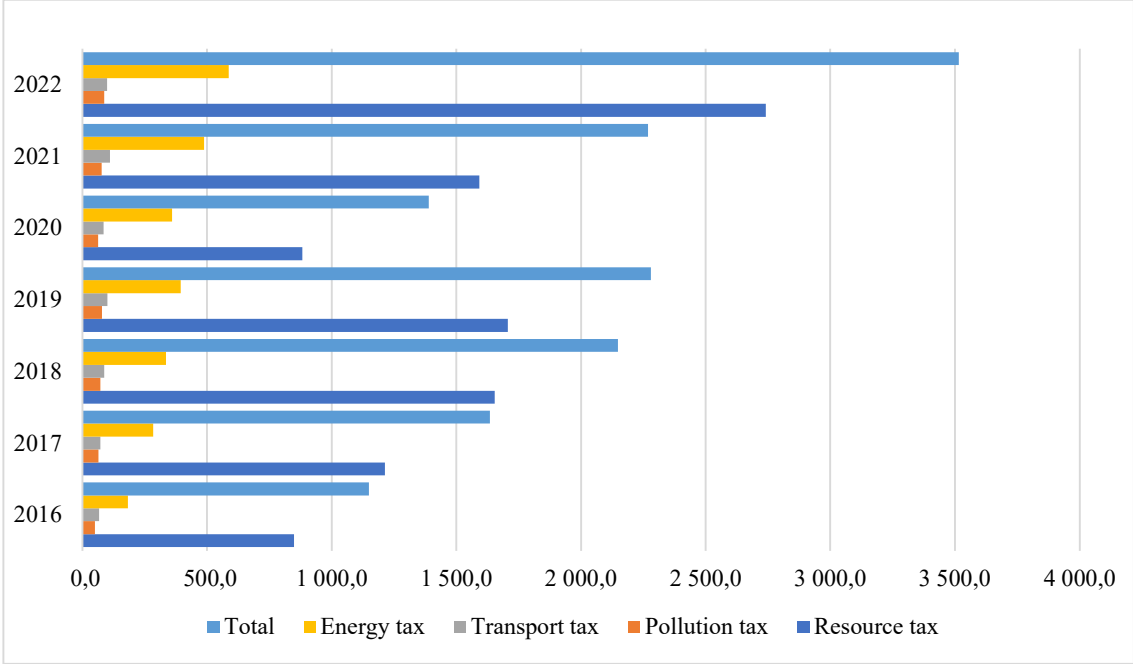


Figure 2 – Environmental taxes (billion tenge)

Note: authors calculations

In 2016, the level of "environmental taxes" was 1 149 132.5 million tenge. The following year, 2017, there was a significant increase in this indicator to 1 634 505.3 million tenge, which indicates an increase in tax revenues in this area. In 2018, there was a further increase to 2 148 554.1 million tenge, indicating an increase in environmental tax revenues.

In 2019, the indicator "environmental taxes" continued to increase and reached 2 279.9 billion tenge. However, in 2020, there was a sharp decrease in this indicator to 1 389.9 billion tenge, which may be due to various factors, including economic and environmental changes.

In 2021, the level of "environmental taxes" was restored to 2 268.6 billion tenge, indicating this tax's importance for financing environmental programs and projects. Finally, in 2022, there was a significant increase in the indicator to 3 515 billion tenge, which indicates a further increase in tax revenues from the environment.

Thus, the analysis of the environmental taxes indicator for the period from 2016 to 2022 shows fluctuations in this tax sector and highlights the importance of environmental aspects for tax policy. An increase in this indicator may indicate an increase in awareness of the importance of environmental protection and financing of environmental programs.



Data reflecting the dynamics of this indicator are presented to analyze the "Net products taxes" indicator from 2012 to 2022. In 2012, the level of "Net products taxes" was 2 487.1 billion tenge and in subsequent years, this indicator was changed (see Figure 3).

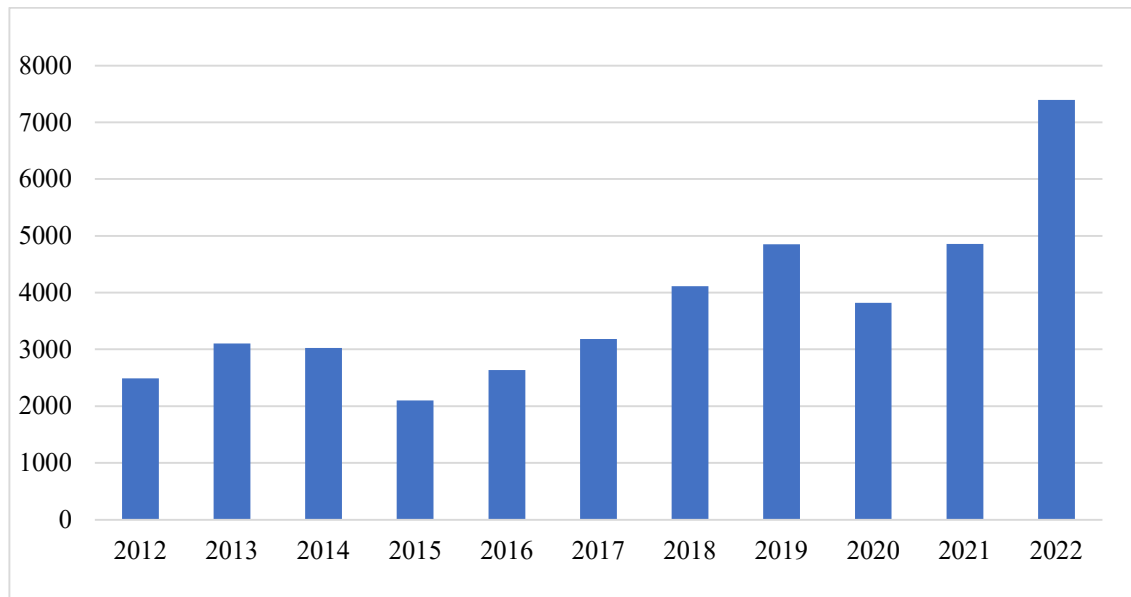


Figure 3 – Net products taxes (billion tenge)

Note: authors' calculations

In 2013, there was a noticeable increase to 3 102.42 billion tenge, indicating increased tax revenues from products. In 2014, the indicator decreased slightly to 3 024.26 billion tenge. Still, in 2015, there was a sharp drop to 2 100.23 billion tenge, which may be due to various factors such as changes in the economic environment or in tax legislation.

In subsequent years, there was an increase in the "Net products taxes" indicator: in 2016, it increased to 2 633.56 billion tenge, in 2017 to 3 183 billion tenge, and in 2018 there was a significant increase to 4 112.98 billion tenge. In 2019, the indicator reached its maximum value for the period under review – 4 851.1 billion tenge. In 2020, there was a decrease to 3 820.8 billion tenge, but in 2021, the indicator increased again to 4 855.52 billion tenge. Finally, in 2022, there was a sharp jump to 7 398 billion tenge, which is a significant increase compared to previous years.

Thus, it can be noted that the "Net products taxes" indicator is subject to fluctuations depending on various factors, such as changes in tax legislation, economic conditions, and other influencing aspects. An analysis of the dynamics of this indicator for the period from 2012 to 2022 allows us to assess trends and highlight key points in its change. Let us delve into the analysis of the consumer goods price index over the period from 2012 to 2022.

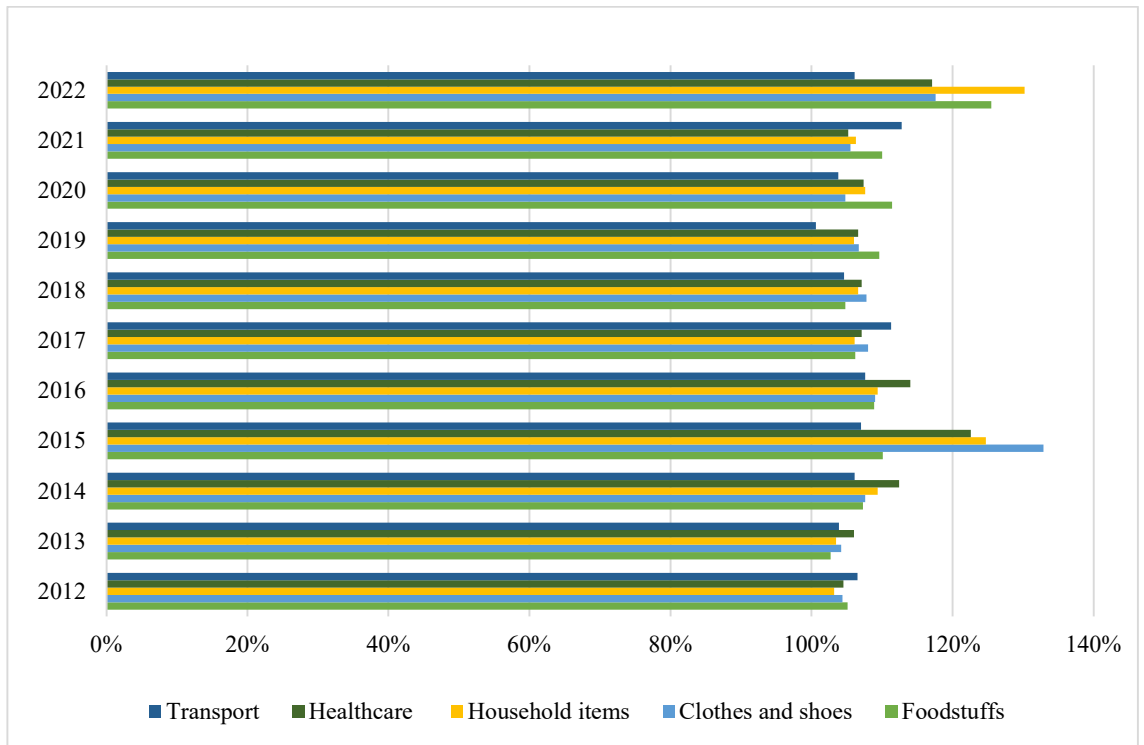


Figure 4 – Index of prices for consumer goods, in %

Note: authors' calculations

2012 the consumer goods price index exhibited varying trends across different categories. The maximum index of 106% was observed in the transport sector, while other categories lagged slightly behind with a 1% decrease, and household items recorded the lowest index at 103%. Moving on to 2013, a similar pattern persisted, with the healthcare sector reaching the maximum peak of 106%, while foodstuffs and household items remained stable at 103%.

The year 2014 witnessed a shift in the indices, with healthcare leading at 112% and transport, which had been the frontrunner in 2012, falling to 106%. In 2015, clothes and shoes surged ahead with an index of 133%, while transport continued to lag behind, albeit with a slight increase from the previous year.

The subsequent year, 2016, saw a decline in indices, with healthcare taking the lead at 114%, while other categories remained relatively stable, showing a modest increase of 1% from the previous year. In 2017, transport reclaimed its leading position with an index of 111%, while foodstuffs and household items held the lowest positions at 106%.

In 2018, clothes and shoes emerged as the frontrunner with an index of 108%, only to be overtaken by transport in the following year with an index of 101%. The years 2019 and 2020 saw foodstuffs consistently leading the index while transport remained at the bottom.

In 2021, transport surged ahead with an index of 113%, followed by household items breaking records in 2022 with an index of 130%. Notably, the highest index over

the decade was recorded in 2015 for clothes and shoes at 133%, showcasing the fluctuations and dynamics within the consumer goods price index across various sectors.

Import taxes typically refer to the duties and taxes a country imposes on goods imported from foreign countries. Following the presented Figure 5, taxes on imports grew with some fluctuations for more than 6 billion tenge over the ten years. The data from 2015-2019 was the stable increase till 5 572.2 billion tenge in 2019. With the slight decrease in 2020, it recovered to 8 902.8 billion tenge in 2022.

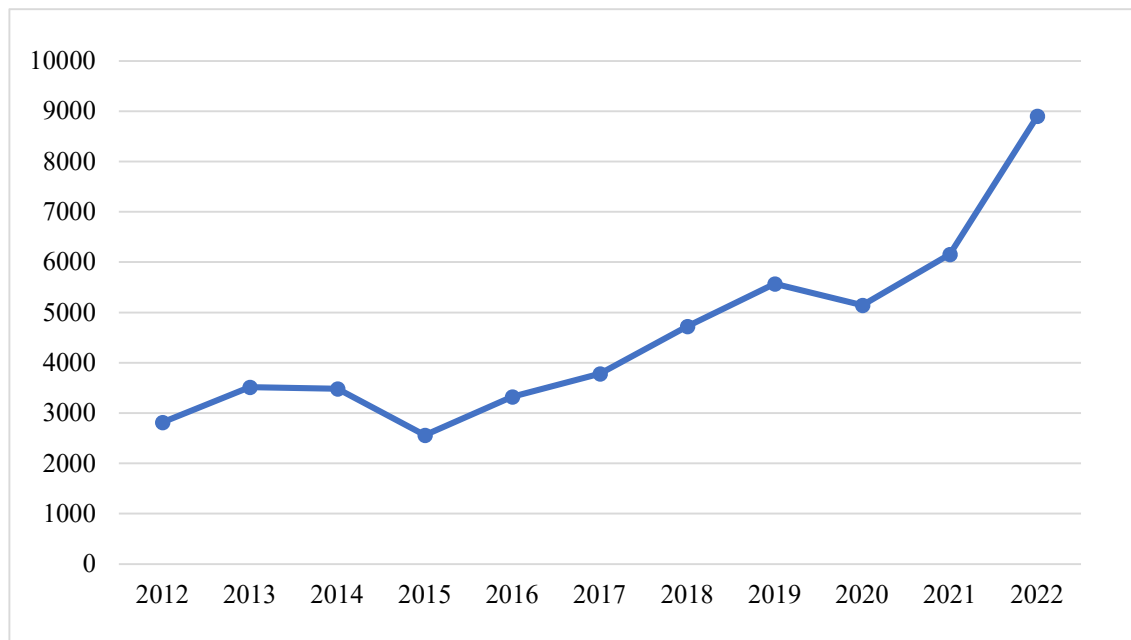


Figure 5 – Import and production taxes (billion tenge)

Note: authors' calculations

Inflation is another factor complicating the analysis of the dynamics of tax income (in general and of certain types of taxes). The growth of tax incomes determines it. There are several ways to eliminate the effect of inflation:

- adjust tax income data to the consumer price index;
- use tax incomes as a percentage of Gross Domestic Product (GDP);
- recalculate tax incomes in hard currency.

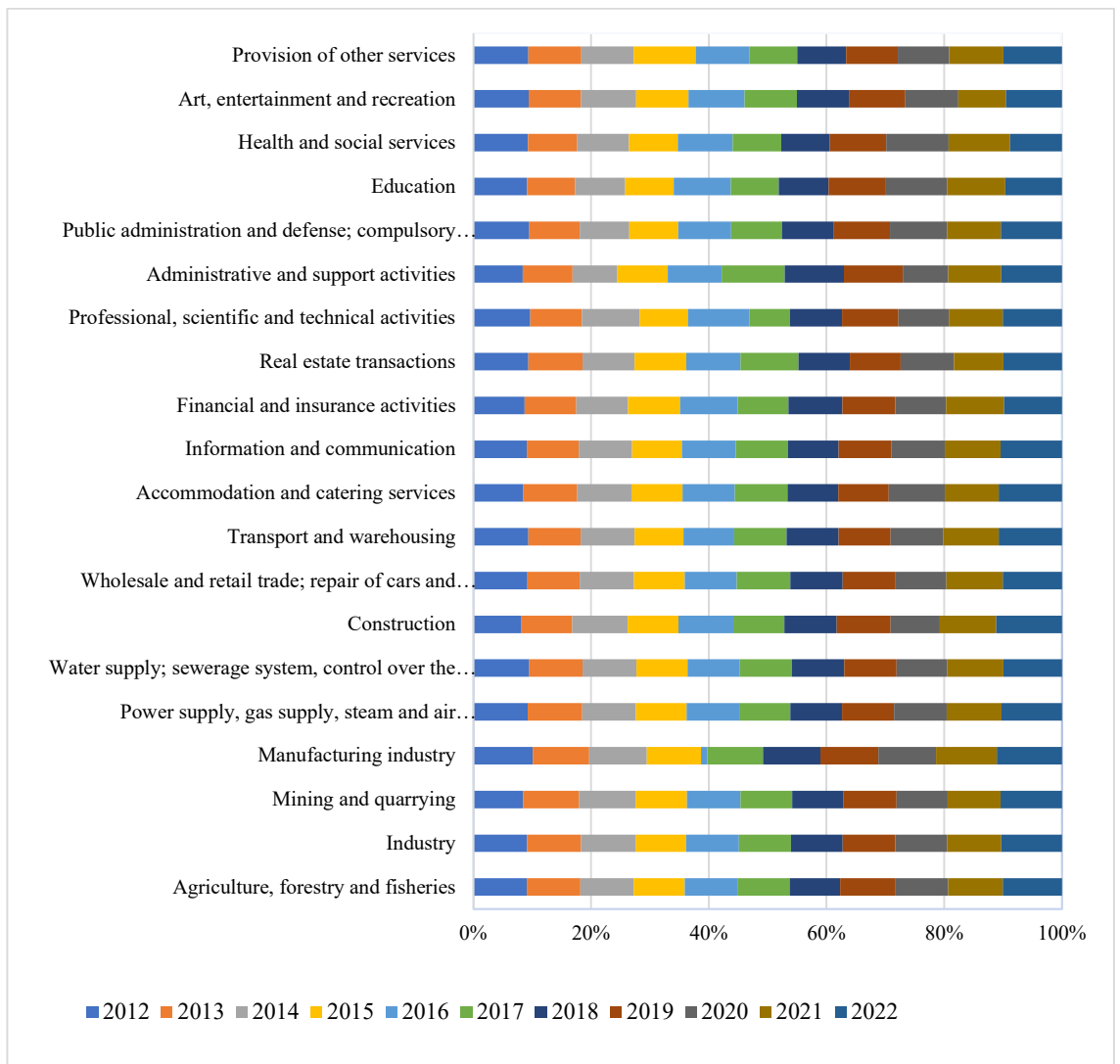


Figure 6 – Nominal wage of index by type of economic activity, in %

Note: authors' calculations

Examining the index of nominal wages across various economic sectors from 2012 to 2022 provides valuable insights into the dynamic nature of wage trends over the past decade. Beginning in 2012, the overall index stood at 112.5%, with notable variations across sectors. Notably, the "Water supply; sewerage system, control over the collection and distribution of waste" sector boasted the highest index at 117.1%, showcasing its robust performance compared to others, while the "Construction" sector lagged behind with the lowest indicator.

Moving forward to 2013, the index experienced a 5% decline from the previous year. In this period, the Mining and quarrying sector emerged as the leader with an index

of 118%, contrasting sharply with the health and social services sector, which recorded the lowest index at 103.8%.

In 2014, a modest growth of 3% was observed, with the Mining and quarrying sector maintaining its lead with an index of 119%. Conversely, the Administrative and support activities sector struggled, recording the lowest index at 93.9%.

However, 2015 marked a downturn as the index dropped to 104.2%, representing the lowest point of the decade. Despite a noticeable jump of 9% in 2016, this growth was offset by economic recession, nearly mirroring the challenges faced in 2015.

From 2018 onwards, a positive trend emerged as the index exhibited stable growth. In 2019 and 2020, indicators remained relatively steady at 114%. In 2021, a moderate increase of 3.5% was observed, setting the stage for the peak performance witnessed in 2022, when the index soared to 123.8%, marking the highest point throughout the entire period under review.

This fluctuating trajectory reflects the complex interplay of economic factors, policy interventions, and sector-specific dynamics shaping nominal wage trends over the years. Such insights are crucial for policymakers, economists, and stakeholders alike in understanding and navigating the intricacies of wage dynamics within diverse economic landscapes (table 1).

Table 1- Heat map of demographic data by regions of Kazakhstan

Region	2015	2016	2017	2018	2019	2020	2021	2022	Growth
Akmolinskaya	736 560	744 420	734 369	738 942	738 587	736 735	735 566	785 708	107,2%
Aktobe	822 557	834 808	845 679	857 711	869 637	881 651	894 333	916 750	115,2%
Almaty	1 921 888	1 947 552	1 983 465	2 017 278	2 038 935	2 055 724	2 077 967	1 478 496	75,9%
Atyrau	581 389	594 511	607 528	620 684	633 791	645 280	657 110	681 241	122,7%
West Kazakhstan	630 056	636 980	641 513	646 927	652 325	656 844	661 316	683 327	110,6%
Zhambyl	1 098 489	1 110 749	1 115 307	1 117 218	1 125 440	1 130 099	1 139 192	1 209 665	113,1%
Karaganda	1 378 121	1 384 810	1 382 734	1 380 537	1 378 532	1 376 882	1 375 938	1 134 966	83,3%
Kostanay	881 569	883 806	879 134	875 616	872 795	868 549	864 550	835 686	95,0%
Kyzylorda	753 001	765 058	773 143	783 157	794 335	803 531	814 588	823 251	113,3%
Mangistau	606 843	626 774	642 824	660 317	678 199	698 796	719 571	745 909	131,4%
Pavlodar	755 793	758 594	757 014	754 854	753 853	752 169	751 012	756 511	101,0%
North Kazakhstan	571 830	569 594	563 300	558 584	554 517	548 755	543 735	539 111	93,0%
Turkestan	2 787 906	2 840 871	1 966 336	1 977 028	1 983 969	2 016 037	2 044 742	2 088 510	78,0%
East Kazakhstan	1 395 466	1 396 019	1 389 568	1 383 745	1 378 527	1 369 597	1 363 79	732 966	52,6%
city Astana	852 803	872 584	972 692	1 030 577	1 078 384	1 136 156	1 184 41	1 295 711	166,5%
city Almaty	1 641 444	1 702 766	1 751 308	1 801 993	1 854 656	1 916 822	1 977 25	2 101 485	142,5%

Note: compiled by authors

According to the revealed calculated indicators for population growth, the period from 2015 to 2022 can be noted. There are different numerical indicators for different

regions, respectively. Turkestan, Almaty regions, cities such as Kostanay, Karaganda, and the Northern and Eastern parts of the country came to a minus indicator with individual economic reasons for each region.

The above heat map shows the growth rate in percentage and color identification of values. Green indicates the highest values, red - the lowest, which helps identify leaders and outsiders. Judging by the values of this table, two categories of leaders and outsiders can be distinguished - the population and the population growth rate (measured in %).

In terms of population, the leading positions are occupied by the city of Almaty, Turkestan and Almaty region, the outsiders are Atyrau, Mangystau, Northern and Western Kazakhstan. In terms of population growth, the leaders are Astana (166.5%), Almaty (142.5%), and Mangystau (131.4%). Despite the low population, Mangystau and Astana have good population growth, which indicates the stability of economic conditions in these regions of the country.

Outsiders in terms of population growth are East Kazakhstan (52.6%), Almaty region (75.9%), Turkestan (78%) and Karaganda (83.3%). Almaty region has a high population, but the growth is low, the situation is the same in the Eastern part of the country, the population indicators are pretty good, but the population growth is low, which indicates an insufficiently good standard of living in these regions of Kazakhstan.

According to these indicators, it can be concluded that this has a positive impact on the country's development. Economic efficiency depends on such population growth. The number of taxpayers, the employed population, and places of work are increasing, directly affecting the flow of funds to the state budget. That is, the population is the state budget, which provides the possibility of financing necessary economic spheres and needs.

## Conclusions

An examination of Kazakhstan's tax data spanning from 2012 to 2022 reveals a consistent upward trend, highlighting the critical need to utilize tax incentives to cultivate a favorable investment climate strategically. It is essential to underscore the urgency of directing these incentives toward creating an environment conducive to investment within Kazakhstan. Additionally, there is a pressing requirement to lessen the tax burden on sectors beyond primary resources and address bureaucratic obstacles that impede the organic growth of private enterprises. By addressing these imperatives and refining tax laws, Kazakhstan has the potential to propel its economy towards modernization and diversification, thereby enhancing its competitiveness on the global stage.

Looking forward, given the escalating reliance on Kazakhstan's state budget, the taxation approach towards the commodity sector gains heightened significance, particularly amidst unfavorable price trends in international commodity markets. This underscores the necessity for a proactive assessment of emerging patterns and challenges that could shape the future trajectory of Kazakhstan's tax policies. Such forward-thinking is essential for navigating potential disruptions and ensuring the adaptability and resilience of the country's fiscal framework in the years ahead.

Moreover, sustained demographic growth can contribute to the dynamism of labor markets, fostering innovation and productivity. As the population expands, a greater pool of human capital is available to drive economic development and meet the demands of various sectors.

In summary, the study emphasizes the critical importance of proactive policy measures aimed at optimizing the tax environment to stimulate investment, foster economic diversification, and mitigate vulnerability to external market fluctuations. By aligning taxation policies with the imperatives of modernization and sustainability, Kazakhstan can strengthen its position as a competitive player in the global economic arena, poised for sustained growth and prosperity.

## REFERENCES

1. Featured Student Assignments (LawSikho). What role does taxation play in the equal distribution of economic resources in the country //Diploma in Tax Litigation and Advanced Corporate Taxation. – 2020. Available at: [Certificate Course in Advanced Corporate Taxation \(lawsikho.com\)](https://lawsikho.com)
2. Tag Vault. Why Do We Pay Taxes? //Government Financing. – 2023. Available at: <https://tagvault.org/blog/why-do-we-pay-taxes/>
3. Recognizing the Value of Tax Revenue for Government Operations. //Tax revenue: Fueling Government Operations and Services. – 2024. Available at: <https://fastercapital.com/content/Tax-revenue--Fueling-Government-Operations-and-Services.html>
4. Matthew Russel. Why Are Taxes Necessary? //Facts on Taxes. – 2024. Available at: [https://factsontaxes.com/why-are-taxes-necessary/#google\\_vignette](https://factsontaxes.com/why-are-taxes-necessary/#google_vignette)
5. Shakbutova, A., Saparbayev, A., Stanislav, P., Makulova, A., Nurmukhan, A. Impact of tax competition on fiscal incomes of Kazakhstan in terms of tax competitive environment //In E3S Web of Conferences EDP Sciences. – 2020. – Vol. 159, – P. 06006. Available at: <https://doi.org/10.1051/e3sconf/202015906006>
6. Kaldiyarov, D.A., Burnasheva, V.R., & Kaldiyarov, A.D. Tax evasion and its influence on development of the economy of the Republic of Kazakhstan //Life Science Journal. – 2014. – Vol. 11(5s), – P. 95-142.
7. Baidybekova, S. K., Bleutaeva, K. B., Abdykalieva, Z. S., Turysbekova, R. K., Syzdykbaeva, N. B., & Bastaubaev, A. K. (2016). Tax Accounting in the Republic of Kazakhstan and Ways of its Improvement //Journal of Advanced Research in Law and Economics. – 2016. – Vol. 17. – №. 3, – P. 492-497. <https://doi.org/10.14505/JARLE.V7.3%2817%29.04>
8. Zholdoyakova G.E., & Taurbayeva A.A. The theoretical methodology of the organization of tax control //Theory and practice of modern science. – 2018. – Vol. 5, – № 35, – P. 278-283.

## Information about the authors

**Assel S. Bekbossinova** – PhD candidate. Email: [aselka01@mail.ru](mailto:aselka01@mail.ru), ORCID ID: <https://orcid.org/0000-0003-1054-6640>

**\*Diana Yelikbayeva** – Bachelor, K. Sagadiyev University of International Business, Almaty, Kazakhstan. Email: [e.dada2015@gmail.com](mailto:e.dada2015@gmail.com), ORCID ID: <https://orcid.org/0009-0003-5309-5189>

**Inkara Dinmukhamedkyzy** – Bachelor, K. Sagadiyev University of International Business, Almaty, Kazakhstan. Email: [irukenskiy@mail.ru](mailto:irukenskiy@mail.ru), ORCID ID: <https://orcid.org/0009-0007-2626-1603>

**Alikhan Zhumabay** – Bachelor, K. Sagadiyev University of International Business, Almaty, Kazakhstan. Email: [alikhon\\_zhumabay04@mail.ru](mailto:alikhon_zhumabay04@mail.ru), ORCID ID: <https://orcid.org/0009-0007-1100-8031>

### Автор туралы мәліметтер

**Бекбосинова Ә.С.** – PhD докторант, Қ.Сағадиев атындағы Халықаралық бизнес университеті, Алматы, Қазақстан. Email: [aselka01@mail.ru](mailto:aselka01@mail.ru), ORCID ID: <https://orcid.org/0000-0003-1054-6640>

**\*Еликбаева Д.** – бакалавр, Қ.Сағадиев атындағы Халықаралық бизнес университеті, Алматы, Қазақстан. Email: [e.dada2015@gmail.com](mailto:e.dada2015@gmail.com), ORCID ID: <https://orcid.org/0009-0003-5309-5189>

**Динмухамедқызы И.** – бакалавр, Қ.Сағадиев атындағы Халықаралық бизнес университеті, Алматы, Қазақстан. Email: [irukenskiy@mail.ru](mailto:irukenskiy@mail.ru), ORCID ID: <https://orcid.org/0009-0007-2626-1603>

**Жұмабай Ә.** – бакалавр, Қ.Сағадиев атындағы Халықаралық бизнес университеті, Алматы, Қазақстан. Email: [alikhon\\_zhumabay04@mail.ru](mailto:alikhon_zhumabay04@mail.ru), ORCID ID: <https://orcid.org/0009-0007-1100-8031>

### Сведения об авторах

**Бекбосинова А.С.** – PhD докторант, Университет Международного Бизнеса им. К.Сағадиева, Алматы, Қазақстан. Email: [aselka01@mail.ru](mailto:aselka01@mail.ru), ORCID ID: <https://orcid.org/0000-0003-1054-6640>

**\*Еликбаева Д.** – бакалавр, Университет Международного Бизнеса им. К.Сағадиева, Алматы, Қазақстан. Email: [e.dada2015@gmail.com](mailto:e.dada2015@gmail.com), ORCID ID: <https://orcid.org/0009-0003-5309-5189>

**Динмухамедқызы И.** – бакалавр, Университет Международного Бизнеса им. К.Сағадиева, Алматы, Қазақстан. Email: [irukenskiy@mail.ru](mailto:irukenskiy@mail.ru), ORCID ID: <https://orcid.org/0009-0007-2626-1603>

**Жұмабай А.** – бакалавр, Университет Международного Бизнеса им. К.Сағадиева, Алматы, Қазақстан. Email: [alikhon\\_zhumabay04@mail.ru](mailto:alikhon_zhumabay04@mail.ru), ORCID ID: <https://orcid.org/0009-0007-1100-8031>