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## ISSUES OF ENSURING THE MANAGEMENT OF TAXPAYERS WITH A STATE SHARE IN UZBEKISTAN

Erkabaev Nuriddin Akhmadjonovich

Independent researcher

Tashkent State University of Economics

### Annotation

This article highlights the role and importance of interregional tax inspection in improving large-scale reforms aimed at creating favorable conditions for conducting business activities in the tax sphere in the country, further strengthening the confidence of business circles. At the same time, some important reforms in the tax system of Uzbekistan to improve the administration of large taxpayers with a state share, interregional tax inspection are studied, foreign experience is studied, scientific and practical conclusions and proposals are developed on its application in our country.

**Keywords:** tax policy, tax revenues, risk analysis, risks, efficiency, digital platform, methods and tools, interregional tax inspection, analysis, optimization, tax incentives, tax rate.

### Introduction

In recent years, many countries, including Uzbekistan, have implemented significant reforms in their tax systems. These reforms are often related to the need to create a more efficient, transparent, and fair tax structure that supports economic growth, encourages investment, and generates sufficient revenue for state functions. Tax reforms play a crucial role in shaping a country's economic landscape. In addition, a number of scientific research studies are being conducted in world practice to improve tax administration for large taxpayers. In particular, the relevance of the issues of determining indicators for assessing the effectiveness of the activities of large taxpayers, fully fulfilling the obligation to support audit and tax control of large taxpayers, structuring control functions by sector, implementing the principle of joint compliance with the rules, and developing an



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effective mechanism for stopping tax evasion are among the priority areas of research in this area, given their insufficient theoretical and normative study and high practical importance in modern economic conditions.

In accordance with the Tax Code of the Republic of Uzbekistan and the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 320 “On measures to further improve the activities of the State Tax Service bodies”, the Regulation on establishing the criteria for including legal entities in the category of large taxpayers has been approved. The experience of developing and transition countries in the world shows that monitoring compliance with legislation by large taxpayers eliminates certain risks, improves tax legislation and ensures more effective tax administration. “In connection with the pandemic, many countries are experiencing an erosion of tax collection, which reflects a decline in economic activity and a possible deterioration in tax compliance. Most tax administrations have been forced to switch to remote work, with almost no face-to-face contact with taxpayers”<sup>1</sup>. Today, the assessment of large taxpayer obligations requires the improvement of new information systems for the main functions of tax administration. According to orthodox theories, in order to determine the essence of business entities, their characteristics and their position in the market, they are grouped according to certain criteria. Such groupings include small enterprises, micro-firms, sole proprietorships, medium-sized enterprises, large enterprises, transnational companies, natural monopoly enterprises, etc. The division or naming of enterprises into such groups is based on their scale. The scale criterion is different in different countries, and there are also different approaches to their management by the state. In world practice, tax obligations are imposed on those engaged in economic activity or having a source of income for the benefit of society. The imposition of tax obligations on such entities also gives rise to specific directions of tax policy for them.

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<sup>1</sup> IMF Working Paper. Fiscal Affairs Department. Raising Tax Revenue: How to Get More from Tax Administrations? Prepared by Eui Soon Chang, Elizabeth Gavin, Nikolay Gueorguiev, and Jiro Honda. Authorized for distribution by Nikolay Gueorguiev and Katherine Baer. July 2020.



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The process of collecting taxes gives rise to many relationships. In addition to economic relationships, taxes include social, psychological, legal, foreign economic and even political relationships. Economic relations related to taxes primarily include the interaction between taxpayers and budgets included in the budget system related to the collection of taxes and other mandatory payments. In this process, two parties arise. One is the authorized state bodies that are directly involved in collecting taxes in the interests of the budget and serve in this process, and the other is taxpayers.

In grouping taxpayers, in addition to the division into legal entities and individuals, it also depends on the organizational and legal form of taxpayers. In terms of legal status, taxpayers are divided into legal entities, individuals, non-profit organizations, permanent establishments, individual entrepreneurs, residents and non-residents. For the purpose of taxation, legal entities are considered to be an organization that has separate property in its ownership, business conduct or operational management and is responsible for its obligations with this property, can acquire property or personal non-property rights in its own name and exercise them, can fulfill obligations, be a plaintiff and a defendant in court. Legal entities must also have an independent balance sheet or estimate.

At the same time, legal entities also include foreign organizations established in accordance with the legislation of a foreign state and international organizations of the Republic of Uzbekistan established in accordance with the legislation of a foreign state or an international treaty. Non-profit organizations are understood as legal entities that do not make profit the main goal of their activities and do not distribute the income received among their participants (members), and include budgetary organizations, including state authorities and administrative bodies, non-governmental non-profit organizations, international non-governmental non-profit organizations registered in the Republic of Uzbekistan, as well as self-governing bodies of citizens and other organizations in accordance with the law.

At the same time, when grouping taxpayers, in order to determine their occurrence, tax payment and tax potential for taxpayers, they are divided into real and potential taxpayers, and taxpayers registered in terms of their tax payment status, taxpayers operating, taxpayers who have ceased their activities and taxpayers whose tax



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obligations have ended (begun). Real taxpayers are understood as taxpayers who are actually operating and actually fulfilling their tax obligations, while potential taxpayers are taxpayers who are expected to emerge as taxpayers in the near future. The classification of taxpayers according to certain criteria serves to determine the directions of tax administration in relation to taxpayers. For example, since 1997, in order to increase the role of small business entities in the national economy, a special procedure for their taxation, namely a simplified taxation system, has been applied in our republic. According to it, such enterprises were given the opportunity to pay a single tax instead of several taxes in order to apply tax benefits and preferences, and the option of applying a simplified procedure or a generally established procedure.

According to Part 5 of Article 169 of the Tax Code of the Republic of Uzbekistan, a legal entity has the right to apply to the tax authority with an application for tax monitoring if its income for the previous year, according to the annual financial statements, amounted to at least five billion soums. According to Part 7 of Article 110 of the Tax Code, penalties are not charged on the amount of tax debt incurred by the taxpayer as a result of the tax authority's reasoned opinion sent to the taxpayer during the tax monitoring process.

According to Part 1 of Article 136 of the Tax Code, tax authorities may also carry out tax control in the form of tax monitoring. According to Part 19 of Article 138 of the Tax Code, if tax monitoring is being conducted for a tax (reporting) period, an in-house tax audit is not conducted for such a period. This provision does not apply in the event of early termination of tax monitoring.

According to Part 11 of Article 146 of the Tax Code, during a tax audit and other tax control measures, tax authorities shall not have the right to request from the audited person documents previously submitted to the tax authorities, as well as documents submitted in the form of certified copies during tax monitoring. Documents may be requested from the audited person if they were previously submitted to the tax authority in the form of originals and subsequently returned to the audited person, as well as if they were submitted to the tax authority and lost due to force majeure. According to Part 1 of Article 215 of the Tax Code, the reasoned opinion of the tax authority sent to the taxpayer (tax payer, tax agent)



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during the period of tax monitoring is recognized as circumstances that exclude the guilt of a person for committing a tax offense if it is fulfilled by the taxpayer (tax payer, tax agent).

### Conclusions and proposals

The following are proposed to improve the efficiency of tax administration in the Inspectorate of Large Taxpayers and develop new approaches to the mechanisms of tax administration.

1. In order to prevent cases of hiding the tax base by large taxpayers by artificially lowering the price of products in electronic invoices, from September 1, 2024, the procedure for calculating the tax base based on the actual market price of the goods should be introduced into practice (the state budget is losing at least 1-2 trillion soums per year). For example, 2.6 thousand "SAMSUNG" washing machines imported by Yuksal General LLC were actually sold for 3 million soums, and in electronic invoices they were sold for 0.5 million soums, as indicated in the tax report. As a result, the tax base was reduced by 5.2 billion soums, and 790 million soums were not paid to the budget. Due to the fact that this enterprise alone declared prices for 26 types of household appliances at a reduced price, 53 billion soums in taxes were not paid to the state budget. For information: According to Article 248 of the Tax Code, tax authorities are given the right to determine the tax base based on market prices, and the International Monetary Fund recommends establishing a clear procedure and criteria for determining the market price. At the current stage, this instrument is intended to be used only for large taxpayers.

2. The remaining 3 trillion soums of the 5.9 trillion soums of dividends due by the end of 2023 by enterprises with a state share, which were not collected as of August 1 of this year, will be fully paid to the budget. In addition, by the end of 2023, dividend payments of 3.1 trillion soums set aside to increase the authorized capital of commercial banks with a state share will be reflected in budget revenues and expenditures. For information: in 2022-2023, the net profit of banks with a state share amounted to 5.6 trillion soums, of which 3.9 trillion soums were due to be paid as dividends, 243 billion soums were paid to the budget and 581 billion soums



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were directed to the authorized capital. As of August 1 of this year, undistributed funds amounted to 3.1 trillion soums.

3. In order to prevent corruption and the lack of qualified personnel and to encourage employees who diligently perform their duties, it is proposed to transfer 40 percent of the amount of fines and penalties calculated on additional taxes collected as a result of tax control measures carried out on large taxpayers to a special fund of tax authorities.

### **Adabiyotlar/Literatura/Reference**

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