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ANALYSIS OF THE WORK CARRIED OUT ON TAX ADMINISTRATION OF LARGE TAXPAYERS IN UZBEKISTAN IN 2024

Muzaffarov Dilshod Shukhratovich

Independent Researcher

Tashkent State University of Economics

Abstract:

This article analyzes foreign experience in implementing tax administration of large taxpayers, and as a result of these analyzes, issues of improving the tax legislation of the Republic of Uzbekistan, proposals and recommendations for further improving tax administration of large taxpayers were developed.

Keywords: tax, budget policy, budget, tax administration, large taxpayers, foreign experience, tax potential, tax burden, tax rate, tax benefits.

Introduction:

The experience of dividing taxpayers into categories according to their various characteristics, applying separate tax regimes to them, taking into account their socio-economic status, is improving significantly in countries around the world. If we look at the main essence of such approaches, on the one hand, it is aimed at simplifying the state's financial policy through the effective use of state financial instruments in the activities of taxpayers, and on the other hand, it is aimed at achieving the effectiveness of the policy aimed at the convenient and maximum formation of state budget revenues, which is the main fiscal issue of any state. This requires identifying enterprises that fall into the category of large taxpayers, developing issues of optimal management of their activities through taxes.

In order to increase the efficiency of the economy, taxation of large taxpayers in the country is of great importance, ensuring the competitiveness of the economy, and expanding its scale.

Results of tax control measures on large taxpayers:

During the 12 months of 2024, in-house tax audits were conducted in 771 entities (in the same period last year, 327 were conducted for 2,724.5 billion soums),



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additional taxes of 3,386.4 billion soums were assessed. Also, in December, in-house tax audits were conducted in 101 entities (in the same period last year, 20 were conducted for 17.9 billion soums), additional taxes of 131.6 billion soums were assessed. During the 12 months of 2024, mobile tax audits were conducted at 119 entities (39 in the corresponding period of the previous year), as a result of which a discrepancy (deficit, surplus) in goods and material assets of 2,304.6 billion soums was identified. As a result of the mobile tax audit, 513.1 billion soums of taxes and financial penalties were assessed. In addition, in December, mobile tax audits were conducted at 8 entities (3 in the corresponding period of the previous year), as a result of which a deficit of products of 3.8 billion soums was identified. During the 12 months of 2024, 195 tax audits and inspection activities on criminal cases were organized (217 in the corresponding period of the previous year, 1051.7 billion soums), and additional taxes of 1004.5 billion soums were assessed. In particular, in December, 12 tax audits were organized (in the same period last year, 32 for 59.2 billion soums), and additional taxes of 130.7 billion soums were assessed.

Results of tax control measures for very large taxpayers:

During 2024, in-house tax audits were conducted in 59 entities (in the same period last year, 70 for 1,581.6 billion soums - the main part of which was the contribution of "UZTRANSGAZ" and "OKMK"), and requests for amendments to tax reports in the amount of 359.7 billion soums were sent. In particular, in December, in-house tax audits were conducted in 6 entities and requests for amendments to tax reports in the amount of 75.7 billion soums were sent. During the 12 months of 2024, 9 tax audits were conducted (7 in the same period last year), as a result of which a deficit of products in the amount of 54.1 billion soums was identified. As a result of the tax audits, 17.4 billion soums of tax and financial penalties were assessed. In December of this year, no tax audits were conducted on very large taxpayers and no cases of deficit and surplus of products were identified. During the 12 months of 2024, 59 tax audits were organized (71 in the same period last year for 621.8 billion soums), additional taxes were assessed in the amount of 2,249.9 billion soums. In addition, in December, 8 tax audits were organized (9 in the same period last year for 32.2 billion soums), additional taxes were assessed in the amount of 1,830.5 billion soums.



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A total of 1,822 applications were received for the refund of excess amounts of 19,641.6 billion soums resulting from the application of the zero-rate value-added tax and accounting for purchased goods (works, services) during January-September 2024, and conclusions were sent to the Ministry of Finance for the refund of excess amounts of 10,099.2 billion soums in 624 cases. In 1,198 cases, due to deficiencies identified, the applications were returned to the taxpayer for reconsideration. In particular, during the third quarter of 2024, a total of 218 applications were received for the return of excess amounts of 4,428.8 billion soums resulting from the application of the zero-rate rate and accounting for purchased goods (works, services), and conclusions were sent to the Ministry of Finance for the return of excess amounts of 2,706.9 billion soums in 94 of them. In 124 cases, due to deficiencies identified, the applications were returned to the taxpayer for reconsideration. As a result of the analysis of value-added tax during January-September 2024, re-reports were received in 101 cases for 1,176.9 billion soums, and the funds were fully recovered.

In particular, as a result of the analysis conducted by the department's employees, in September 2024, clarified reports were received from JV "Industrial Energy Group" LLC for 52.6 billion soums (VAT), from "ANGREN PIPE PLANT" LLC for 2.1 billion soums, and from "UZGASTRADE" JSC for 33 billion soums (excise tax), and the collection of accrued taxes was ensured. A total of 2,019 applications were received for the return of excess amounts of 23,898.9 billion soums resulting from the application of a zero-level rate on value-added tax and accounting for purchased goods (works, services) in January-December 2024, and conclusions were sent to the Ministry of Finance for the return of excess amounts of 12,570.9 billion soums for 716 of them. In 1,299 cases, due to deficiencies identified, the applications were returned to the taxpayer for reconsideration. Including, during the IV quarter of 2024, a total of 197 applications were received for the refund of excess amounts of 4,257.2 billion soums resulting from the application of the zero-level rate and accounting for purchased goods (works, services), and conclusions were sent to the Ministry of Finance for the refund of excess amounts in the amount of 2,413.7 billion soums in 90 of them. In 103 cases, due to deficiencies identified, the applications were returned to the taxpayer for reconsideration. As a result of the analysis of value-



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added tax in January-December 2024, re-reports were received in 135 cases for 1,325.6 billion soums, and the funds were fully recovered. In particular, as a result of the analysis conducted by the department's employees, in December 2024, clarified reports were received from Temiryo'linfratuzilma LLC for 89 billion soums (including VAT), Temiryo'linfratuzilma JSC for 42.2 billion soums, and Enter Engineering pte.ltd into DM for 39.6 billion soums (including VAT), ensuring the collection of accrued taxes.

In terms of providing services to large taxpayers, the criteria for determining legal entities falling into the category of large taxpayers were revised and registered with the Ministry of Justice on July 1, 2024 under No. 3172-3, and the composition of large taxpayers was re-approved by the orders of the State Tax Service Commission for a total of 957 (of which 60 are foreign legal entities operating on the basis of e-commerce and 56 are inactive (finally and bankruptly liquidated and merged into another enterprise)). 691 of these large taxpayers are provided with services on a curatorial basis by the Department of Large Taxpayers Services. The department was approved a total tax revenue plan of 13,966.1 billion soums by the end of 2024, and its implementation was ensured by 13,225.0 billion soums or 95%. In addition, in order to ensure the implementation of the forecast in January-December, relevant work was carried out by responsible personnel assigned to large taxpayers in cooperation with enterprises. In order to attract additional funds to the budget and expand the tax base paid by large taxpayers, the department regularly analyzed the tax reports of enterprises, and as a result of the analysis conducted during the fourth quarter of 2024, re-reports were received for 285.6 billion soums, and full recovery of funds was achieved. In particular, in October-December, based on the results of the preliminary analysis, notifications were sent to large taxpayers on the additional determination and elimination of taxes of 150.5 billion soums or the provision of supporting documents. At the same time, in the fourth quarter of this year, in cooperation with the relevant employees of the Tax Committee, the financial and profit tax reports of 53 large taxpayer enterprises with a state share were analyzed, and on the calculation and collection of dividends on the state share in the amount of 50 percent of their net profit by the end of 2023 and to the budget, notifications were sent to these enterprises on June 10. As a result of the work organized in this



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direction, the collection of 3,187,358 million soums to the budget has been ensured to date.

In order to solve problems arising in the activities of enterprises in tax matters, responsible curators attached to large taxpayers have opened groups on the Telegram social network, and a rapid exchange of necessary information has been established, and taxpayers are being provided with prompt and high-quality service. Also, in October-December, questions and appeals from more than 310 enterprises regarding the issuance of a bill of lading were studied, and explanatory work was carried out on shortcomings.

In accordance with the Resolution of the President of the Republic of Uzbekistan No. PQ-4389 dated July 10, 2019 “On additional measures to improve tax administration” and the Order of the Tax Committee No. 302 dated September 25, 2024 “On the development and pilot implementation of the “Tax Administration” information system”, from October 1, 2024, the practice of implementing the department's performance through the KPI assessment system was introduced. A total of 28 tax employees are assigned to this IT, and their activities are evaluated using a 100-point performance indicator determined by 26 criteria and are encouraged through this scoring system. The average performance indicator achieved by the department in the fourth quarter of 2024 through IT was 72 points (good), of which in October 71 points, 70 points in November, and 74 points in December. As a result of eliminating the identified shortcomings in IT criteria and administration, in October-December 2024, the department's employees directly contributed to the additional calculation of taxes to the budget in the amount of 2,929.7 billion soums (with voluntarily submitted re-reports).

Conclusions and recommendations

The audit of large taxpayers plays a crucial role in ensuring tax compliance, revenue collection, and a fair and transparent tax system. Given the importance of large taxpayers in contributing to overall tax revenue, it is necessary to continuously improve and strengthen audit processes to ensure effective enforcement and minimize tax evasion. This proposal sets out key measures to strengthen the audit of large taxpayers.



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Implement a risk-based approach to focus audit efforts on high-risk areas and potential non-compliance. This involves the use of data analytics, advanced technologies, and comprehensive risk assessment models to identify areas where tax evasion or non-compliance is likely to occur. Such an approach will allow tax authorities to allocate audit resources effectively and efficiently.

Promote seamless information exchange and cooperation between tax authorities and other relevant government agencies, such as financial institutions, customs authorities and business registries. This information exchange provides a holistic view of taxpayers' financial activities, transactions and assets, providing valuable insights for risk assessment and targeted audits.

Strengthen cooperation and information exchange with international tax authorities to combat tax evasion and aggressive tax planning by large multinational corporations. The exchange of tax-related information, including transfer pricing documents, helps to identify potential tax avoidance schemes and ensure fair taxation across borders.

Use advanced analytics and technology solutions to analyze large volumes of taxpayer data, identify irregularities, and identify potential tax risks. Data mining, machine learning, and artificial intelligence can improve the efficiency and effectiveness of tax audits, enabling tax authorities to identify non-compliant behavior and take immediate action.

Provide clear and transparent guidance to large taxpayers on their rights and obligations, tax audit processes, and expectations from tax authorities. A clear description of tax laws, regulations, and audit procedures fosters a collaborative environment between tax authorities and taxpayers, reduces disputes, and promotes voluntary compliance.

Create voluntary disclosure programs that encourage large taxpayers to proactively disclose any past violations or irregularities. Such programs encourage taxpayers to correct their tax affairs, pay unpaid taxes, and avoid penalties or legal consequences. Voluntary disclosure programs help uncover hidden tax liabilities and help improve overall tax law.



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