



ANALYSIS OF LARGE TAXPAYERS, THAT IS, TAXPAYERS WITH A STATE SHARE, BASED ON THE EXPERIENCE OF FOREIGN COUNTRIES

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Abstract:

This article discusses the role and importance of the interregional tax inspection in improving large-scale reforms aimed at creating favorable conditions for conducting business activities in the tax sphere in the country and further strengthening the confidence of business circles. At the same time, some important reforms being implemented in the tax system of Uzbekistan with a state share 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, threat analysis, risks, efficiency, digital platform, methods and tools, interregional tax inspection, analysis, optimization, tax benefits, tax rate.

Introduction

In recent years, many countries, including Uzbekistan, have implemented important reforms in the tax system. These reforms are often related to the need to create a more effective, transparent and fair tax structure that ensures economic growth, stimulates investments and ensures the collection of sufficient revenue for state functions. Tax system reforms play a crucial role in shaping the economic landscape of the country. In addition, a number of scientific research works are being carried out in world practice to improve the tax administration of 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 sectors, implementing the principle of joint compliance with the rules, and



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

Literature review

The experience of developing and transition countries around the world shows that monitoring compliance by large taxpayers can eliminate certain risks, improve tax law enforcement, and ensure more effective tax administration.

Foreign experience on interregional tax inspection of large taxpayers:

The Large Business and International Division is responsible for the tax administration of domestic and foreign businesses with U.S. tax liabilities and assets of \$10 million or more, as well as compliance programs for high-net-worth individuals and international individuals. This organization is a world-class organization that meets the needs of clients in a global environment by applying innovative approaches to client service and compliance.¹

2 Interregional Tax Inspectorates for Large Taxpayers in the Russian Federation (Interregional Tax Inspectorates for Large Taxpayers) were created to ensure a specialized approach to tax administration for the largest companies.

The main tasks and functions of the Interregional Inspectorate of the Federal Tax Service:

Tax control:

- conduct on-site and mobile tax audits.
- monitor compliance with tax legislation.
- analyze and verify tax declarations and reports of large taxpayers.

Tax and fee management:

- ensure the correct and timely calculation of taxes and fees.
- exercise control over the full and timely payment of taxes and fees to the budget.

Advice and assistance:

- provide methodological and advisory assistance to large taxpayers.
- explain tax legislation and the rules for its application.

¹ <https://www.irs.gov/businesses/corporations/e-file-for-large-business-and-international-lobi>



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Analytical work:

- analysis of the financial and economic activities of large taxpayers.
- assessment of tax risks and development of measures to minimize them.

Examples of interregional Federal Tax Service inspectorates in Russia:

Interregional Inspectorate of the Federal Tax Service of Russia for the largest taxpayers No. 1:

- specializes in enterprises of the industrial sector.
- monitors enterprises engaged in production and processing.

Interregional Inspectorate of the Federal Tax Service of Russia for the largest taxpayers No. 2:

- works with companies in the energy and mining industry.
- monitors the activities of the largest oil and gas and mining enterprises.

Interregional Inspectorate of the Federal Tax Service of Russia for the largest taxpayers No. 3:

- focuses on financial institutions and companies in the telecommunications sector.
- monitors banks, insurance companies and telecommunications giants.

Reduction of tax risks: Large taxpayers will receive qualified assistance and advice, which will help reduce tax risks and improve tax discipline.

Increased tax collection: A specialized approach will help increase tax collection, which will have a positive impact on the country's budget.

The creation of interregional tax inspectorates for the largest taxpayers is an important step in the development of the Russian tax system, aimed at increasing the efficiency of tax administration and ensuring the stability of budget revenues.²

3 Kazakhstan In Kazakhstan, the Interregional Tax Inspectorate for Large Taxpayers was established to manage and monitor compliance with tax legislation by Large Taxpayers.

Main objectives:

Ensure accurate and timely calculation and payment of taxes and fees. Conducting tax audits. Analysis of financial and economic activities of large taxpayers. Providing advice and methodological assistance to taxpayers.

² <https://www.nalog.gov.ru/rn77/yul>



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Inspection and supervision:

- conducting cameral and mobile tax audits.
- monitoring compliance with tax legislation.
- analysis and verification of the tax report.

Tax Administration:

- ensuring correct calculation and payment of taxes.
- controlling the completeness and timely execution of budget revenues.

Advice and help:

- providing methodological and consultative assistance to taxpayers.
- explanation of the rules of tax legislation.

Analytical work:

- analysis of financial and economic activities of large taxpayers.
- assessment of tax risks and development of measures to reduce them.³

4. The UK's Taxation Office's Large Business Directorate works with around 2,000 large businesses in the UK.

The Directorate works with most UK businesses:

- with an annual turnover of over £200 million
- or with an annual turnover of less than £200 million and operating in a complex business sector with complex tax issues.

However, the country's tax office itself also simultaneously audits the tax affairs of half of the UK's largest businesses. Large businesses collect taxes such as VAT and payroll tax from their employees and customers, which account for around 40% of the total tax revenue collected by the tax office.⁴

In Georgia, the Inspectorate, within the scope of its competence, exercises tax control over the observance and implementation of tax legislation by taxpayers registered with it. The Inspectorate is a territorial body of the Revenue Service. Its activities are coordinated and controlled by the Head of the Revenue Service of the Ministry of Finance of Georgia through the central office. In relations with taxpayers, state bodies and third parties, the Inspectorate acts on its own behalf.

The Inspectorate consists of the following structural divisions:

³ <https://online.zakon.kz/Document/?doc>

⁴ <https://www.gov.uk/guidance/hm-revenue-and-customs-large-business>



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- a) Taxpayer Service Department;
- b) Tax Audit (Inspection) Department of Taxpayers;
- c) Tax Administration Department;
- d) Legal Affairs Department;
- e) Management (Apparatus).⁵

In the process of studying the problems of ranking and coordinating the activities of large taxpayers in the tax system of Uzbekistan, we must first assess their fiscal significance, or rather, their role in the national economy of the country, as well as in the budget system. In this regard, we will conduct our analysis based on a number of approaches. First, we will analyze the trend of the share of large taxpayers in the formation of tax revenues of the state budget of Uzbekistan by tax type, the share of large taxpayers in the formation of state budget revenues, the fiscal significance of “donor taxpayers” belonging to the category of large taxpayers in the state budget and the fiscal significance of these donor taxpayers in the system of large taxpayers, the fiscal significance of commercial banks belonging to the category of large taxpayers in the system of the republican state budget, the share of oil and gas enterprises belonging to the category of large taxpayers in the republican budget, and based on these analyzes, we will try to formulate relevant scientific conclusions. In particular, the analysis of value-added tax revenues shows that the share of large taxpayers in this type of tax in 2018 was 77 percent, while in recent years this share has decreased. One of the main reasons for the decrease in this type of tax is that since 2019, other taxpayers with an annual turnover of more than 1 billion soums and paying taxes in a simplified manner have become value-added tax payers, and their share in budget revenues has increased. We can see that the sharp decrease in this type of tax occurred due to the fact that the 2019 revenues of Navoi and Almalyk KMC from profit tax were not reflected in the tax revenue reports, but were transferred directly to the treasury account of the Ministry of Finance. Tax revenues for the use of subsoil by large taxpayers amounted to 56% of the total revenues for this type of tax in 2018, 99% in 2019, 96% in 2020, 94% in 2021, and 96% in the forecast indicators set for 2022. It can also be seen that about 100 proposals were

⁵ <https://matsne.gov.ge/ka/document/>



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developed annually on the development of tax-related regulatory legal acts and further improvement of tax legislation, 8 seminars and briefings were organized in 2020, 69 in 2021, and 27 in January-August 2022, articles were published in the media as sample answers to frequently asked questions by taxpayers, and meetings were held regularly with representatives of large taxpayers.

In addition, the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 266 dated 04.05.2021 “On additional measures for the effective use of assets of state-owned enterprises” was adopted. The State Assets Management Agency, together with the Council of Ministers of Karakalpakstan, regional and Tashkent city khokimiyats, state-owned enterprises and banks, conducted a comprehensive inventory of idle, non-specialized assets, unused production areas and facilities and developed proposals for their effective use in the future.

In order to effectively use non-specialized and unused assets of enterprises with state participation, the following decisions were made by the management bodies of state organizations, economic entities with a predominant state share in the authorized capital (fund) and banks:

A list of objects that are transferred to the State Assets Management Agency as state property at book value and subsequently sold through public auctions;

A list of objects that are transferred to state administration bodies and local executive authorities as state property at book value for subsequent effective use free of charge on the basis of the right of operational management;

A list of organizations whose shares in the authorized capital are transferred to state administration bodies, local executive authorities and economic entities at book value has been approved. Today, the legislation does not provide for measures to influence state enterprises that violate the deadlines for paying dividends and deductions on the state share. As a solution to the problem, in case of violation of the deadlines for transferring dividends and deductions from the state share to the budget, it is proposed to grant tax authorities the right to apply the provided enforcement measures for the collection of tax debts and establish a procedure for paying 25 percent of dividends and deductions calculated on the state share by June 1 of the year following the reporting year. As is known, today in our republic, the development of Internet trade, the use of electronic services of large world



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companies by national producers and the population is creating ample opportunities. In fact, from the point of view of the principle of fairness of taxation and international taxation practice, although this type of taxpayer has the opportunity to receive favorable income in the Uzbek market, they do not pay taxes to the state budget of Uzbekistan on the income received. This, as we have noted, contradicts international and national taxation norms. In particular, such enterprises include Facebook, Amazon, Google, and others. At the same time, Uzbekistan does not impose a tax on profits from the provision of electronic services to individuals. For example, starting in 2020, such corporations will be required to pay VAT in Uzbekistan.

Conclusions and proposals

The following are proposed to improve the efficiency of tax administration and develop new approaches. Of the 5.9 trillion soums of dividends due by enterprises with state shares at the end of 2023, the remaining 3 trillion soums that 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 left to increase the authorized capital of commercial banks with state shares will be reflected in budget revenues and expenditures. For information: In 2022-2023, the net profit of banks with state shares amounted to 5.6 trillion soums, of which 3.9 trillion soums of the funds due to pay dividends were paid to the budget, 243 billion soums and 581 billion soums were directed to the authorized capital. As of August 1 of this year, undistributed funds amounted to 3.1 trillion soums. In order to prevent corruption and the lack of qualified personnel and to encourage employees who conscientiously 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.

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