

TAXATION OF BUSINESS ENTITIES IN OUR COUNTRY

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Abstract:

Taxation of business entities is an important aspect of the financial policy of any country. This process involves the assessment and collection of various taxes such as income tax, value added tax (VAT), corporate tax and other relevant levies from business entities. The tax regime for business entities plays a decisive role in creating a business environment, encouraging investments and ensuring state revenues. In particular, it provides an overview of the basics of business taxation, focusing on key aspects such as tax rates, deductions, compliance requirements and tax credits. It also examines the problems faced by business entities in complying with tax legislation, the role of tax authorities in managing and enforcing tax legislation. In addition, the abstract discusses the role of technology in modernizing tax administration and making compliance easier for business entities. Overall, this brief serves as an introduction to the complex and dynamic world of taxation for business entities in the specified country. It recognizes the importance of a well-designed tax system in stimulating economic growth and providing favorable conditions for the development of business entities.

Key words: local tax, market value of property, cadastral value, personal card, tax elements, budget potential, local budget, local budget expenses, local taxes, tax benefits.

Introduction:

Taxation of business entities in our country plays a decisive role in shaping the economic landscape, generating income and ensuring general financial stability. Taxation of business entities is an integral part of the government's fiscal policy, according to which various taxes are levied on business entities based on their income, profits, operations and other relevant factors. The tax system for business entities is designed to maintain a balance between providing appropriate revenues to the government and creating a favorable environment for business growth and investment. The purpose of this study is to study in depth the system of taxation of



business entities in our country, to study the main aspects of tax administration, rates, incentives and compliance requirements. Understanding the ins and outs of the tax system is essential for both business and policy makers as it directly affects the competitiveness, profitability and sustainability of businesses. The results of this research will help to comprehensively understand the tax landscape for business entities in our country and provide valuable insights for policymakers, businesses and other stakeholders. By identifying the strengths and weaknesses of the current tax system, we aim to propose measures that will increase the effectiveness, fairness and efficiency of taxation for business entities, and ultimately ensure the sustainable growth and prosperity of our country's economy.

The application of the new task set to the tax authorities by the Honorable President - "Tax Office - Entrepreneur's Assistant" system was one of the most important tasks in providing practical assistance to entrepreneurs. In 2022 alone, as a result of the organization of work on the basis of the principle "Taxpayer - helper of the entrepreneur":

Through the automation of tax reports, the rate of voluntary submission of tax reports has reached 99 percent.

The reports of 66,500 non-rural land tax payers and 61,900 property tax payers across the republic were fully automated through the collection of information from the Cadastre Agency and the "E-privilege" program.

The turnover tax reporting for 359,400 payers across the country was 100% fully automated. VAT reporting was automated for 173,900 payers (86 percent) by introducing electronic invoicing, online cash register technology, "marketplace" system data, and real-time data exchange with the Customs Committee.

As a result of the return of the amount of the negative difference arising from the value added tax in the prescribed manner, 20.1 trillion soums were reimbursed to taxpayers in 2022, or about 7.6 trillion soums more money than in 2021 will be returned. The application of increased rates of property and land taxes to empty buildings, unused production areas, structures not intended for living, as well as unfinished construction objects and land plots occupied by these objects was canceled, and 1.7 trillion to the owners of 18.5 thousand objects 20,500 soums of taxes were suspended, and the tax debt of 1.8 trillion soums resulting from the application of the effective tax mechanism to the owners of 20,500 objects was written off. The amount of the financial penalty applied for the case of delay in



receipt of foreign currency has been reduced by 2 times. During 2022, the amount of 752.9 billion soums remained at the disposal of economic entities as a result of halving the amount of financial fines for 2,507 economic entities.

The application of administrative fines for debtor and creditor overdue debts has been cancelled. The requirement to submit financial reports to tax and statistics authorities on a quarterly basis by accounting entities has been canceled. It was established that profit tax and turnover tax will not be imposed on the part of exported goods (services), regardless of the share of the income from export.

Entrepreneurs belonging to the category of small and medium businesses were given the right to pay tax payments in 6 months without interest. The financial penalty for failure to submit the tax report within the specified time limits has been abolished.

At the same time, 8,973 entities were extended the period for paying tax debt of 804.3 billion soums. 9,500 were broadcast on television and radio, and 35,700 on social networks. The call center helped entrepreneurs to fulfill their obligations through 878,700 calls.

In accordance with the decision of the President of the Republic of Uzbekistan "On measures to radically improve the activities of the state tax service bodies" dated June 26, 2018 No. PQ-3802, the interregional state tax inspection for large taxpayers will be established in the tax service bodies from 2019, and the centralized system of service provision will be divided into sectors was established and today serves 962 taxpayers. With the establishment of the inspectorate, as a result of the increase in the quality of tax administration and services to taxpayers, the amount of funds coming to the budget amounted to 88.3 trillion soums by the end of 2022, which is almost 2.5 times more than in 2019. Also, in order to improve the quality of services provided to value-added tax payers, it was introduced that tax administration should be centralized by regional tax administrations (the number of VAT payers increased from 6.7 million to 173.9 thousand or 26 times over the past 5 years, revenue from 13.8 trillion soums to 32.8 trillion soums or increased by 2.4 times).

In order to assist taxpayers in fulfilling their tax obligations, the state unitary enterprise "Saliq-servis" was established. The number of audits organized in connection with the activities of taxpayers was reduced from 13 to 3, and a methodological guide on conducting tax audits, which provides for successful principles of international practice, was approved. A system of tax risk analysis without human factor was developed and implemented, which allows to assess tax



risks and identify taxpayers based on honest criteria for their subsequent distribution into risk segments and selection of service policy.

Pre-inspection analysis - based on 400 criteria, the "Avtokameral" system was introduced, the criteria were made transparent to taxpayers, the opportunities for taxpayers to independently eliminate their mistakes were expanded, and tax audits were prevented. 49,723 taxpayers effectively used this opportunity and submitted their re-reports with a total of 2.3 trillion soums added.

As a result, no tax audits were conducted on these business entities, and 1.1 trillion soums of financial fines were avoided. As a result of the implementation of tax reforms:

The number of operating economic entities reached 541,500 and increased by 24% to 105,400 compared to 2018. The share of value added tax in total revenue was 19.8 percent in 2020, 20 percent in 2021, and 22.1 percent in 2022.

Conclusions and suggestions.

Tax regulations can be simplified and made more transparent for small and medium-sized business entities. This will help business owners to better understand the tax requirements and comply with them. The government can introduce tax incentives for small and medium-sized business entities, such as tax exemptions or tax holidays, to encourage entrepreneurship and investment. The use of technology can help to improve tax compliance among small and medium-sized business entities. This can include the use of electronic invoicing, online tax filing, and other digital tools to simplify tax compliance. The government can also work to strengthen tax education and awareness among small and medium-sized business entities, providing guidance on tax compliance and best practices.

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