

WAYS TO IMPROVE THE VALUE ADDED TAX ADMINISTRATION IN UZBEKISTAN

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Abstract

In this article, the administration of taxation of value-added tax in our country is studied, and it is also connected with the improvement of value-added tax. The article analyzes the specific features of calculating the value-added tax base, some complications and problems in its determination, and focuses on issues of improving the formation of the tax base. In addition, based on the results of the changes and additions made in determining and calculating the value-added tax base, relevant conclusions were formed and recommendations were developed.

Keywords: value added, value added tax base, tax, budget policy, budget, tax administration, tax potential, regulatory analysis, tax burden, tax reporting, tax revenues, tax benefits.

Enter

Taxation is the main component of the financial policy of any country and plays a decisive role in generating income and ensuring economic stability. As a growing economy, Uzbekistan has adopted unique measures and practices in the field of taxpayer services and VAT administration. It is important to create a favorable environment for business entities in ensuring compliance with tax legislation in the country by providing general information about the procedure for providing services to taxpayers and specific aspects of the VAT administration in Uzbekistan. In addition, Uzbekistan's approach to taxpayer services and VAT administration is evolving in line with global trends in digitization and international trade.

The administration of Value Added Tax (VAT) first appeared in France in 1954. VAT is often attributed to the French economist Maurice Laure, who played a significant role in its development. The tax was introduced as a way to address some of the shortcomings of previous sales taxes and to create a more efficient and equitable system of taxing consumption.



The VAT system introduced in France was designed to be a broad-based consumption tax that is collected at each stage of production and distribution. Businesses collect VAT on their sales and remit it to the government, and they can also claim credits for the VAT they paid on their inputs, effectively making them intermediaries in the collection process.

The success of the VAT system in France led to its adoption by many other countries around the world. Today, VAT is one of the most common forms of consumption tax and is used by countries in Europe, Asia, Africa, the Middle East, and the Americas.

VAT has become a significant source of revenue for governments and is known for its ability to generate revenue while minimizing some of the economic distortions associated with other forms of taxation. Its widespread adoption makes it a critical component of tax systems in many countries.

Value added tax (VAT) was introduced in Uzbekistan in the 1992 economic year after the country gained independence from the Soviet Union. In Uzbekistan, the QS administration introduced and produced the QQ, which is a personal part of the country's tax structure. Since its introduction, VAT has played an important role in Uzbekistan's revenue collection and tax policy, and it has implemented a number of Boards and management systems over the years to adapt to changing economic conditions and government stability.

The administration of value added tax (VAT) in Uzbekistan, like in many countries, has several unique features. These features are characteristic of the tax system of Uzbekistan and its rules. Some of the special features of the VAT administration in Uzbekistan are:

Standard VAT rate: Uzbekistan has a standard VAT rate that applies to most goods and services. In 2023, the rate was set at 12%. However, tax rates can change over time, so it's important to check the current rate. **VAT registration:** Businesses whose annual turnover exceeds a certain threshold are required to register for VAT. This registration includes the submission of special documents to the tax authorities. In Uzbekistan, the system of electronic invoicing for VAT is moving. Electronic invoices are used for VAT, and business entities must comply with the requirements and procedures set by the tax authorities. VAT returns and reports must be regularly submitted to the tax authorities. This usually involves providing information on VAT collected and paid during the reporting period. In Uzbekistan, a reverse VAT



payment mechanism is used for some services provided by non-residents to residents. This means that the responsibility for paying VAT is transferred from the non-resident service provider to the Uzbek recipient of the service. VAT exemptions: While most goods and services are subject to the standard VAT rate, there are exemptions for certain categories of goods and services in Uzbekistan. These benefits are usually specified in tax laws and regulations. Exporters of goods and services may be eligible for VAT refunds, which help promote international trade. A simplified VAT procedure has been introduced for small businesses in Uzbekistan. This regime aims to reduce the administrative burden on small businesses by providing simplified VAT reporting procedures. Tax authorities of Uzbekistan conduct periodic tax audits, including VAT audits, to ensure compliance with tax legislation. Tax laws and regulations, including VAT regulations, may change over time. Businesses operating in Uzbekistan should be aware of these changes and adjust their VAT compliance. To get the most up-to-date information on VAT administration in Uzbekistan, it is important to familiarize yourself with the tax legislation and the instructions of the tax authorities of Uzbekistan or ask for advice from a tax specialist.

According to the requirements of the Regulation approved by the decision of the Cabinet of Ministers dated August 14, 2020 No. 489, during the month of January 2023, taxpayers received 3.6 thousand 4.6 trillion soums of VAT negative difference compensation applications. 2.9 thousand 3.2 trillion soums of the received appeals were investigated within the specified time limits, and 1.2 trillion soums (more than 0.2 trillion soums more than in the corresponding period of the previous year) were compensated for the negative difference of VAT to 1 thousand appeals.

Tax benefits

64.1 trillion soums of tax benefits were used in 160.3 thousand cases (due to the fact that year-end tax reports are submitted by March 1 of this year, 11 months of information was formed).

58.6 trillion soums (91.4%) of benefits are the Tax Code, 3.4 trillion soums (5.4%) Decrees and decisions of the President of the Republic of Uzbekistan, 1.1 trillion soums (1.7%) decisions of the Cabinet of Ministers and 939.6 billion soums (1.5%) were used on the basis of other legal documents.

The most used benefit was 57.2 trillion soums (89.2%) for VAT (29.7 trillion soums (46.4%) for export and equivalent services, 14.1 trillion soums (22.0%)) financial



and insurance services and 13.3 trillion soums (20.8%) correspond to medicines and medical services). 6.9 trillion soums (11.5%) belong to other types of taxes.

Conclusion and suggestion

1. Tax authorities are not allowed the following rights when conducting a cameral tax audit (including when compensating for the amount of value added tax:

entering the territory of the taxpayer;

inspection of the territory and buildings of the taxpayer;

demand documents from the taxpayer and summon him;

it is appropriate to define specific criteria for confiscation of documents and items of the taxpayer.

2. The decision to suspend the validity of the certificate can be taken when it is determined that the transactions (operations) carried out by the tax authority do not correspond to the nomenclature of the goods (services) being purchased and sold. In this case, the validity of the certificate should be activated if the cases of non-compliance are not confirmed within 30 days.

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