

## THE CURRENT STATE OF PAYING COMPENSATION TO TAXPAYERS FOR THE NEGATIVE AMOUNT OF VALUE ADDED TAX IN UZBEKISTAN AND ITS PROBLEMS

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### Abstract:

Studying the administration of value-added tax in our country is also related to 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, appropriate 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.

**Introduction:** Incentive factors for filling the production market of our country with competitive products, systematically strengthening our national currency, wide implementation of reforms, reducing the tax burden on economic entities, increasing investment attractiveness and opening a wide path for investors, creating opportunities for business representatives and developing entrepreneurship development is identified as the main driver of our main strategic actions.

Despite the fact that the tax rates are different in the practice of foreign countries, the tax refund mechanism is almost the same. According to the decision of the Cabinet of Ministers dated August 14, 2020 No. 489 "On measures to improve the value added tax and tax administration related to foreign legal entities" Regulation on the procedure for compensation of the amount of value added tax overpaid or overcharged the provisions of this regulation do not apply to tax refunds and tax refunds to citizens of foreign countries. In the regulation, the amount of tax to be paid is understood as the negative difference between the amount of VAT calculated from the tax base of operations related to the sale of



goods (services) and the amount of VAT calculated on the goods (services) received.

Also, by the decision of the Cabinet of Ministers No. 489 of August 14, 2020 "On measures to improve the tax administration related to value added tax and foreign legal entities", the following regulations were simultaneously approved.

- Procedure for compensating the amount of value added tax;
- Forms of invoices and the procedure for their filling, presentation and acceptance;
- The procedure for determining the VAT base based on the market value of goods (services);
- The procedure for making adjustments to the VAT base when the obligation to pay for goods (services) is recognized as a bad debt and it should be written off;
- Forms of notices on participation in foreign legal entities, the procedure for their filling and submission;
- Forms of notifications about controlled foreign companies, the procedure for their filling and submission were approved.

The above-mentioned legal bases are recognized as regulatory documents for VAT refund and accounting of VAT amounts.

In accordance with the Tax Code, reimbursement of the amount of VAT is carried out on the basis of the taxpayer's application after a cameral inspection by the tax authorities. If, according to the results of the chamber tax audit, a decision is made to fully or partially compensate the amount of VAT declared to be refunded by the tax authority, the specified amount will be returned to the taxpayer no later than 30 days after the date of submission of the application.

In the Republic of Uzbekistan, there is an opportunity to return VAT in an accelerated manner, large taxpayers, taxpayers who have provided a bank guarantee or signed a pledge agreement with the tax authorities, persons carrying out exports (as a result of the application of a zero-level rate), foreign diplomatic missions and representative offices equivalent to it, the participants of the product distribution agreement, the participants of the product distribution agreement, the participants of the tax monitoring, the tax amount is reimbursed in an accelerated manner. There are also cases of creation of various artificial accounts (accounts) by enterprises to recover the negative amount of VAT. In practice, there are cases where an enterprise sells goods by sending electronic invoices to other enterprises of its establishment, without issuing any sales contract or waybill, and sends an application for VAT refund.



Value added tax by the Decision of the President of the Republic of Uzbekistan dated September 4, 2023 No. 292 "On measures to implement the tasks set in the open dialogue of the President of the Republic of Uzbekistan with entrepreneurs in 2023" the practice of suspending the validity of the certificate of special registration has been canceled (with the exception of the cases in which the transactions (operations) carried out do not correspond to the nomenclature of the goods (services) being purchased and sold) .Value-added tax payers are subject to special value-added tax in tax authorities, approved by the decision of the Cabinet of Ministers of the Republic of Uzbekistan dated December 5, 2023 No. 595 of September 22, 2021 The decision to suspend the validity of the certificate with Decision No. 644 "On Amendments to the Regulation on the Registration Procedure" deals (operations) carried out by the tax authority with the purchase and it was determined that it can be accepted when the cases of non-compliance with the nomenclature of the goods (services) being sold are determined.

In this case, the validity of the certificate will be suspended for a maximum period of 30 days, and it is determined that the validity of the certificate will be restored if the circumstances determined as a result of camera and mobile tax inspections are not confirmed during this period. In addition, Article 274 of the Tax Code and the Cabinet of Ministers "On measures to improve the tax administration related to value added tax and foreign legal entities"

Pursuant to the Regulation approved by Decision No. 489 of August 14, 2020, simplifying the administration of value added tax in the reimbursement of VAT to taxpayers, limiting the requirement of excessive documents from business entities and providing them with favorable conditions in order to create conditions for exporting enterprises to reimburse the amount of VAT, the documents attached to the goods (SMR, TTM, TIR) with a mark confirming that the goods have been sent to the designated country of the customs authority located at the transfer point of the customs territory of the Republic of Uzbekistan, which is required in accordance with paragraph 14 of the Regulation , SMGS, avia nakladnoy) in electronic form through an external source will provide the tax legislation with transparent information and reduce the taxpayer's time. Part 3 of Article 266 of the Tax Code of the Republic of Uzbekistan provides that if a taxpayer has been providing foreign currency receipts on time for the past year and has no overdue receivables under export contracts, a disciplined tax payer if included in the category of receivers, the amount of tax



payable (paid) on goods (services) used for exported goods, actually received, foreign currency income to the accounts of the taxpayer in the banks of the Republic of Uzbekistan it is determined to be taken into account regardless of origin.

According to this article, a total of 293 disciplined taxpayers who have been providing foreign currency receipts on time for the last year and have no overdue receivables under export contracts will receive foreign currency during the first quarter of 2024. an opportunity was created to take into account regardless of the amount incurred, and 628.3 billion soums of negative difference of VAT was compensated to these enterprises.

Decree of the President of the Republic of Uzbekistan on March 2, 2021 According to the decision of PQ-5011, the amount of the negative difference of VAT will be paid to enterprises that have introduced high-tech production processes based on the guarantee of the "Ozeltexanoat" association in 3 days, according to the decision of PQ-5011 of March 2, 2021, to breeding entities 20 It is determined that it will be covered in an accelerated manner.

According to this decision, 16 appeals from 12 enterprises that were members of the "Ozeltexanoat" association in the past period of 2024

The amount of negative VAT difference of 110.5 billion soums was compensated in an accelerated manner.

With Appendix 3 of the Cabinet of Ministers Resolution No. 595 dated September 22, 2022 "On measures to further improve the accounting of taxpayers and simplify the procedure for compensation of value added tax" Amount of Value Added Tax of Decision No. 489 of August 14, 2020 "On Measures to Improve Tax Administration Related to Value Added Tax and Foreign Legal Entities" By adding Article 321 to the regulation on the compensation procedure, it was established that the accelerated procedure for compensation of the tax amount will be applied to disciplined taxpayers.

In addition, the decision of the Cabinet of Ministers dated November 8, 2022 No. 653 "On the introduction of the VAT refund system for goods purchased by foreign citizens before leaving the territory of the Republic of Uzbekistan" accepted.

Starting from January 1, 2023, the system of partially refunding the amount of VAT paid by them to citizens of foreign countries when they purchase certain types of goods from business entities engaged in retail trade in the territory of Uzbekistan ("tax free") is being introduced as an experiment. Account book of



refundable amounts and their refund is carried out through a special mobile application. "Saliq Servis" DUK under the Tax Committee is designated as the operator of the "Tax free" system. The total value of the purchased products must not be less than 1 million soums (including VAT) in order to return part of the VAT. In order to return part of the VAT on purchases, it is necessary to apply within 3 months from the time of purchase. Service stations of the Operator will be established at the international airports of Tashkent, Samarkand, Bukhara, Fergana and Urganch for the formalization of refunds. The VAT paid on the purchase is divided as follows: 90 percent will be returned to the foreign citizen, and 10 percent will be directed to the operator as a service fee. In addition, the document approved the regulation on the procedure for returning value added tax for goods previously purchased by citizens of foreign countries when leaving the territory of the Republic of Uzbekistan. According to the regulation, the amount of VAT on certain goods purchased with VAT is not refunded to the citizens of the following foreign countries. goods that are not, fully or partially used goods, goods that have been fully or partially used in the territory of Uzbekistan and are not accompanied by original packaging (if packaging is intended) is included among these.

Part of the VAT amount will be refunded after confirmation that the citizen of a foreign country will take the goods with him in checked baggage or hand luggage. Part of the VAT amount is refunded only to foreign citizens who have reached the age of 18. The use of this practice in increasing the tourist potential of our republic will lead to an increase in the flow of tourists in the future.

### **Conclusions and suggestions**

In our country, efforts are being made to reduce the level of the hidden economy, reduce the area of tax and administrative responsibility in conducting business activities, automate the procedures for compliance with the requirements of the tax legislation, and simplify its procedure. At the same time, if we simplify as much as possible the system and principles of taxation, the system of accounting for the implementation of tax payments, a proper functioning mechanism will begin to emerge in economic entities and the cases of tax evasion will decrease.

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