

## CALCULATION OF PROFIT TAX BASED ON THE MARKET VALUE AND ANALYSIS OF THE IMPACT ON THE ACTIVITIES OF BUSINESS ENTITIES

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### Abstract

This article is devoted to improving tax administration for income tax. Income tax is an important source of government revenue and effective tax administration is essential to ensure efficient revenue collection and taxpayer compliance. This analysis looks at various aspects of tax administration that can be improved to simplify the process, reduce tax evasion and create a more business-friendly environment. The analysis includes a review of relevant literature, research and experiences from different countries. At the same time, such areas as underground trade and catering, transportation by road, housing construction and repair, provision of housing and household services in the economy were studied, and scientific and practical conclusions and proposals were formed based on foreign experience and its application in the economy. our country.

**Keywords:** tax, income tax, tax revenues, methods and tools, advanced information and communication technologies, analysis, optimization, tax benefits, tax rate. tax relations, tax policy, state budget, tax administration, tax burden.

### Enter

In the conditions of increasingly intense global competition in the world, ensuring the financial stability of countries has become important, which increases the urgency of ensuring the effectiveness of the tax-budget system, the stability of local budgets and strengthening their income base. "Profit taxation is one of the directions of direct taxation, that is, direct impact on economic entities in order to fulfill the fiscal function of taxes. For many years, profit tax forms a significant part of budget tax revenues and plays an important regulatory role in the development of organizations. Statutory corporate tax rates in the global economy are considered the main tax rate that corporations face, meaning that they can be used to compare standard corporate tax rates across jurisdictions and over time.



Before clarifying the mechanism of calculation of profit tax based on the market value, let's dwell on the concept of "market value" of goods (services). The market value of goods (services) is the price formed on the basis of demand and supply in the market of exactly similar or one type of goods (services) in comparable economic conditions, or determined and (or) determined by authorized bodies and evaluation organizations. The main purpose of calculating the profit tax based on the market value is not to fill the budget, but to protect the rights of honest taxpayers and consumers, to reduce the hidden economy, and to create equal conditions for business activities. In our opinion, one of the important issues in the organization and implementation of the profit tax administration today is the process of calculating the profit tax based on the market value. In our opinion, calculation of profit tax on the basis of market value has a number of advantages and features for general tax administration and separate profit tax administration, which are as follows:

first, determining the profit tax base based on the market value of goods (services), which ensures equal competition between enterprises;  
secondly, it ensures equal distribution of the tax burden;  
thirdly, it ensures a fair determination of the tax base and additional revenues to the budget;  
fourthly, it ensures that the income received from the sale of goods and services is fully reflected in accounting documents and tax reports.

According to the Tax Code, tax authorities have the right to make adjustments to the value added tax base if the goods (services) are lower or higher than the market value. However, today, the mechanism for calculating the profit tax base based on the market value of the price of goods (services) has not been created, and the work of making corrections to the tax base by the state tax service remains unimplemented. This analysis and proposals are being developed to overcome the above problems. Information sources are used to determine the market value of goods (services). These include information on stock exchange prices and quotations, quotations of electronic platforms (auctions and public procurement platforms) and data from information systems of tax authorities (EHF, online NKM and virtual cash checks, registered electronic contracts ) and can be used from other sources.

In order to improve the tax administration, the measure of the Cabinet of Ministers on determining the market value of goods for the calculation of the value added tax



"Improving the tax administration related to the value added tax and foreign legal entities" "Regulation on the procedure for determining the VAT base based on the market value of goods (services)"<sup>1</sup> approved. Based on it, "the procedure for determining the VAT base based on the market value of goods (services) is determined and is applied to the following:

First, in the sale of goods, products (services) in exchange for other goods.

Secondly, if the first part of Article 239 of the Tax Code

In the case of providing (showing) goods, products (services) free of charge, unless otherwise provided for in paragraph 2 or paragraph 2 of the second part;

Thirdly, the property of a legal entity is used for personal purposes in accordance with paragraph 6 of the fourth part of Article 239 of the Criminal Code.

In this case, when at least one of the conditions for free goods or free services is met, such realization or expenditure is recognized as economically justified. If these conditions are made for the purpose of carrying out activities aimed at obtaining income and are necessary for the maintenance or development of such business activities, and if the expenses are justified in connection with business activities, and if they are derived from the provisions of legal documents.

Information sources are used to determine the market value of goods (services) when carrying out the above transactions (operations). They include their own price information (price sheets), information from price agencies and mass media, and exchange reports, as well as foreign trade information published by the State Customs Committee or provided upon request. customs statistics, as well as the use of information from authorized bodies that establish regulations for determining prices in cases established by law. In the absence of such information, the market value is determined based on the conclusions of evaluation organizations or using the cost indexation method. When determining the market value of goods, the usual price premiums or discounts are taken into account when concluding transactions between unrelated persons. This includes seasonal and other fluctuations in consumer demand for goods, loss of quality or other consumer characteristics of goods, expiration of shelf life or sales periods of goods, marketing policy, including new non-similar goods. Factors are taken into account for the penetration of goods (services) into the market, as well as the penetration of goods (services) into new

<sup>1</sup> [www.lex/uz](http://www.lex/uz). Ўзбекистон Республикаси Вазирлар Маҳкамасининг қарори, 14.08.2020 йилдаги 489-сон



markets and the realization of experimental models and samples of goods in order to familiarize consumers with them:

"Tax authorities have the right to make corrections to the tax base if evidence is found that the price of the transaction differs from the market value of goods (services) (to one or the other). At the same time, the amendments will not lead to the application of financial penalties provided for in Articles 223 or 224 of the Tax Code. The taxpayer has the right to dispute the decision of the tax authority by presenting the grounds that the value of the transaction is in accordance with market prices and that it is not aimed at tax evasion<sup>2</sup>.

Determines the procedure for determining the price of goods and services based on the market value when calculating the profit tax base in the course of conducting tax audits and other tax control activities by tax authorities. Determines the procedure for calculating the tax base by determining the price of goods and services based on the market value in the course of conducting tax audits and other tax control activities by tax authorities. In the course of conducting tax audits and other tax control activities, tax authorities use the information of statistical bodies or authorized bodies that set standards for price determination in the cases specified by law when determining the market price of goods and services. In the course of conducting tax audits and other tax control activities, tax authorities use the information of statistical bodies or organizations that form market prices in the cases specified by law in determining the market price of goods and services. In the event that the legal documents stipulate the mandatory use of international standards of financial statements in relation to the determination of the value of goods (services) as the market value, the provisions set forth in these standards shall be used. The procedure for determining the tax base by the taxpayers engaged in retail trade based on the market value of the prices. is analyzed. When determining the market value of goods sold by taxpayers, information is used from statistical authorities or, in cases established by law, from competent authorities that set standards for setting prices, and the average price of the same goods is applied to taxpayers who carry out retail trade, and the tax is accepted to determine the base. In this case, the market value of the sold goods is calculated separately for each reporting period based on the conditions of each region. The price of the goods is compared based on their

<sup>2</sup> Ўзбекистон Республикасининг Солиқ кодекси 248-моддаси тўртинчи қисми, Ўзбекистон Республикаси Вази́рлар Маҳкамасининг 2020 йил 14 августдаги 489-сонли қарори 3-иловаси.



input and output documents - the identification codes indicated in the invoices and the barcodes of the sold products.

The procedure for determining the tax base by taxpayers who sell goods wholesale based on market value prices is used by tax authorities in the process of conducting tax control of taxpayers engaged in wholesale trade, in order to determine the tax base, paying attention to its level of profitability. If the profitability of the taxpayer is low, the market value of the wholesale goods is high, and the prices of the goods are shown on the invoices, then these goods are compared with the prices on the invoices of several taxpayers who sell the same goods. . Initially, the prices used to determine the price range on the invoices being compared are arranged in ascending order.

In this case, if the price of the wholesale sold goods coincides with the indicators on the invoices (time, quantity, territory, delivery conditions) of other taxpayers who sold the same goods, the market prices, the range is the closest determined based on current information. When using information on stock exchange quotations published or obtained upon request, the range of market prices is determined based on the prices of transactions carried out with exactly similar (same type) goods registered on the relevant stock exchange. . In this case, the intermediate market price range between the lowest and the highest price recorded on the date of their execution is recognized. Economic (commercial) conditions should also be taken into account when determining the range of market prices based on stock exchange quotations.

- 1) expenses necessary for the delivery of goods to the appropriate place, supported and confirmed by documents and (or) sources of information;
- 2) costs of payment of customs duties;
- 3) terms of payment;
- 4) brokerage (agent) fee of a trade broker (intermediary or agent) for the performance of trade-mediation functions by him.

When using data from information-price agencies on the prices of exactly similar (same type) goods, the minimum and maximum indicators correspond to the minimum and maximum indicators of the published prices of such goods may be regarded as a range of corresponding intermediate market prices. In this case, the price of the controlled commodity is taken into account according to the compatibility of comparable conditions during the period of time relevant to its sale.



If the price of the controlled good is within the range of market prices, this price is considered to be in line with market prices for tax purposes. If the price of the controlled commodity is less than the minimum amount of the market price range or exceeds its maximum amount, this price is recognized as a price that does not correspond to market prices. In case of this discrepancy, the price equal to the average value of the market price range is accepted for tax purposes.

### Conclusions and suggestions

Analysis Suggestions for Improving Income Tax Administration Review and simplify complex provisions of income tax laws and regulations to increase clarity and reduce uncertainty. Eliminate unnecessary red tape and simplify tax filing and reporting requirements. Develop comprehensive educational programs to increase taxpayer awareness and understanding of income tax obligations and compliance procedures. Conduct regular tax inspections and audits to detect and prevent tax evasion and ensure fair and equitable collection of taxes. Implementation of electronic tax payment and payment systems for easier and faster submission of tax declarations and reduction of paperwork.

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