

## THE PRACTICE OF DETERMINING AND ASSESSING TAX EVASION IN UZBEKISTAN

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### Abstract:

This article describes the large-scale reforms aimed at creating favorable conditions for doing business in tax and finance, improving the investment environment, and further strengthening the confidence of business circles in our republic in recent years. At the same time, such areas as underground trade and general catering, transport by motor vehicle, housing construction and repair, provision of residential services are studied, foreign experience and scientific-practical conclusion on its application in our country are studied. and suggestions are formulated.

**Keywords:** tax revenues, analysis, risks, efficiency, digital platform, methods and tools, advanced information and communication technologies, analysis, optimization, tax benefits, tax rate.

### Introduction:

In the following years, special attention is being paid in Uzbekistan to reducing the contribution of the hidden economy, tax evasion and tax evasion by taxpayers, and effective implementation of measures to prevent them. . Systematic work is being carried out in the direction of strengthening the legal framework for reducing the underground economy, curbing the underground economy due to the results of digitalization of the industry, strengthening public control, legalizing underground jobs, and conducting control measures.

In particular, according to the information of the state tax committee, "in 2019-2022, the turnover and volume of work performed by construction enterprises increased by 15-20 percent on average from year to year, but the average profitability of these enterprises is 2021 from 10 percent in 2022 to 3.1 percent in 2022, according to the documents of 20,303 operating enterprises (24 percent), the profitability is below 0 percent, in more than 12 thousand (60 percent) from 0 to 1

percent, and in 904 (4 percent) companies. In turn, the fact that 1 worker is registered in about 10,000 (50%) construction enterprises with a low profitability indicator of 1% to 3% indicates that the number of workers actually working is being hidden. When assessing the factors that lead to tax evasion in these enterprises, the following "realization of residential objects at a price sharply lower than the average market price, and the completion of operations with a loss by artificially overstating the expenses in the reports, result in paying the profit tax. It can be seen that such cases were caused by the lack of funds, the introduction and sale of large amounts of money, buildings and constructions, construction materials (without specifying the source) by individuals to the authorized fund of construction enterprises. We will explain the practical situation of determining these cases in Figure 1 below.

In addition to these, a number of other methods are used in the practice of the tax system to identify and assess tax evasion in the construction sector. Among them, in the case of providing construction equipment and vehicles for cash use (lease) without entering into a contract, the financial statements submitted to the tax authorities at the end of the year do not include construction equipment and vehicles. The method of obtaining information about objects and comparing them with the information about completed construction and assembly works received from rural and urban construction organizations, authorities and other customers, as well as conducting analyzes of identified differences, in the prescribed manner economic entities whose financial reports submitted to the tax authorities at the end of the year do not include information about construction and assembly works when determining the process of performing construction and repair works without entering into a contract and settling in cash information is obtained and compared with enterprises that purchase construction products through the stock exchange, electronic trade and electronic invoicing system, and methods of analysis of the identified differences are used.

Among them, in the case of overstating the volume of exported products: information on products exported by economic entities is obtained from the customs office, and the volume of products produced and sold by this enterprise is shown in tax reports. Comparing, concealing unfinished construction objects and equipment not put into operation within the specified period: information about



unfinished construction objects from the Architecture Department of local authorities and equipment imported from foreign countries from customs authorities and comparing it with the property tax reports submitted by the enterprises to the tax authorities, concealing the volume of water used for the production of soft drinks: water sold from organizations that keep accounts of water resources to enterprises producing soft drinks through measuring devices information on the volume is obtained and determined by comparison with the volume of water indicated in the financial statements submitted by these enterprises to the tax authorities.

One of the most important methods of identifying and assessing tax evasion is the "offshore assessment method", which has been widely used in recent times. It is known that Offshore is a company registered by a foreign citizen in a country with favorable tax conditions, which does not actively work in this country, and an offshore company is a term describing the status of a separate organizational legal entity of enterprises. This status provides him with a maximum reduction in tax payments (in most cases to zero). Professor H. Abulkasimov stated that "offshore status of companies provides them with maximum reduction of taxes during their activities, or even elimination, i.e. complete exemption from taxes. This status requirement alone requires that business operations be conducted outside of its jurisdiction. That is, an offshore company cannot be a resident of its own legislation.

Today, cases of tax evasion and a number of methods of its detection are widely used in all sectors of the economy. Summarizing them, some of them can be cited: To engage in business activities specific to legal entities without state registration.

In order to determine this, in cooperation with the tax authorities, the activities of persons engaged in trade and service activities in densely populated areas will be investigated on the spot, and it will be clarified whether they have passed state registration or not. .

Voluntary liquidation of an enterprise with a turnover close to 1 billion soums or division of the enterprise into several parts.

In order to determine the situation of this type of tax evasion, information on daily cash receipts submitted by business entities to commercial banks is obtained from tax authorities, and the activities of entities that have voluntarily and compulsorily terminated



their activities are analyzed, and (Article 224 of the in accordance with decision no.) the symptoms of false bankruptcy are studied.

Unreasonably overstating costs in order to reduce profits.

Information on the financial reports of economic entities is obtained from the tax authorities, and the structure of expenses indicated in the report is studied. According to the tax code, the expenses are compared with the norm, and the additional tax is calculated by adding back the expenses in excess of the norm to the profit.

Do not indicate the imported products on the invoice.

A list of business entities that have received a certificate as a value added tax payer from the tax authorities is obtained, and a list of entities that do not reflect value added tax on electronic invoices is extracted, and the tax compared with reports.

Payment of wages by envelope method.

Information on the monthly salary calculated for employees was obtained from Annex 5 of the tax report submitted by the tax authorities on income tax from individuals and single social payment by economic entities, and this sub compared with the funds received by the entities from commercial banks for wages. Also, the average monthly salary calculated for employees by entities with the same type of activity and the funds received for salary from commercial banks are compared.

Paying employees less than the 1st grade rate coefficient.

Having received information from the tax authorities on the wages calculated for the employees specified in Annex 5 of the tax report submitted by economic entities on income tax from individuals and the single social payment, the list of employees whose average monthly salary is less than the 1st grade tariff coefficient (920,000 soms) is determined. The funds received by these entities from commercial banks for wages are compared with the calculated wages.

Failure to report or underreport average residual values of real estate.

Information on the tax report submitted by economic entities on property tax and the financial results submitted at the end of the previous year was obtained from the tax authorities, and the balance of real estate values are compared. Also, information on real estate belonging to legal entities is obtained from the land resources and cadastral department and compared with real estate values in tax reports.

From the above analysis, it can be concluded that the identification of cases of tax evasion during the economic actions of taxpayers who are obliged to pay taxes within the



framework of economic relations serves as a methodological basis for preventing these relations.

### **Conclusions and suggestions**

If the price of used materials is added to the payments made to individuals in accordance with the civil-legal contracts concluded between legal entities and individuals, the subject of which is the performance of works, the business activity of this joint venture shall be removed from the state register. to check that it has been paid and that the relevant taxes have been calculated. Establishing an online information exchange system between the State Tax Committee and the Commodity Exchange of the Republic of Uzbekistan regarding the results of each exchange's transactions.

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