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TAX RISK EXPERIENCES IN FOREIGN COUNTRIES

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Abstract:
In this article, the economic analysis of tax risks of foreign economic activity, the role of taxes in attracting foreign investors to our country, suggestions and recommendations are formed through foreign experiences that should be introduced.

Keywords: double taxation, non-resident, agreements, foreign investors, convention, contracts, consular legalization, dividends, interest, royalties, budget, tax administration, tax potential, tax rate, tax revenues, tax benefits, foreign investor.

Enter

Due to the different levels of regulation of foreign trade activities through taxes in the countries of the world, the results achieved at the international level are currently not fully implemented. As a result of the reforms aimed at the regulation of economic activities, including foreign trade, which are being rapidly implemented in Uzbekistan, a program to compensate imports and support export-oriented production is currently being implemented. Creation of a favorable tax environment for business entities was ensured through taxes.

The interconnectedness of economies and the globalization of business have led to more complex cross-border transactions. This complexity has created an opportunity for businesses to engage in tax planning strategies to minimize their overall tax liability. The emergence of multinational corporations (TNCs) operating in many countries has created difficulties in determining the distribution of profits and tax obligations. MNCs often have the ability to shift earnings to jurisdictions with lower tax rates, leading to concerns about base erosion and profit shifting (BEPS). To take advantage of the differences in tax rules between countries, businesses have begun to employ sophisticated tax planning strategies. This includes strategies such as price fixing for transactions between related parties within a multinational group. The lack of international coordination and standardized rules on cross-border taxation has created opportunities for discrepancies and tax evasion. Countries have different tax systems, making it difficult to avoid double taxation and eliminate tax loopholes. This competition has further complicated the task of ensuring that economic entities pay taxes in accordance with their economic activities. Awareness of these problems has led to the development of international initiatives to eliminate tax risks and strengthen cooperation between countries. For example, the Organization for Economic Co-operation and Development (OESD) initiated the Base Erosion and Profit Shifting (BEPS) project in order to eliminate loopholes in international tax rules and prevent tax avoidance by multinational enterprises. Although the specific term "tax risk" has not historically been used, concerns and issues related to taxation in the context of foreign economic activity have evolved along with changes in the global economic landscape. Efforts to address these issues continue through international cooperation and constant updating of tax rules and regulations.

In the United States, the concept of tax risks in foreign economic activity has evolved over time as the dynamics of international trade, business, and taxation have changed. Early in US history, foreign economic activity was primarily trade, and tax matters were relatively simple. The absence of a globalized economy and limited international business activity meant less complexity in taxation. After World War II, international economic activity increased significantly due to the reconstruction of Europe and the expansion of US corporations abroad. This period marked the beginning of more complex tax considerations for multinational corporations. In the 1960s and 1970s, international trade and foreign investment by US companies increased. As multinational corporations expand globally and tax planning strategies evolve, the tax landscape has begun to change. The 1980s witnessed an increase in cross-border mergers and acquisitions, which led to increased attention to international tax issues. Transfer pricing, a key aspect of tax risk in foreign economic activity, was a major concern during this period. In the 1990s, globalization and technological advances continued, affecting the way businesses conduct international transactions. The United States has responded with updates to its tax laws, including the Tax Reform Act of 1986, to address emerging issues. The 21st century has brought globalization and the rise of digital commerce. Issues related to transfer pricing, profit shifting and intellectual property tax have become more prominent. The US government has launched initiatives on Base Erosion and Profit

Shifting (BEPS) with international organizations such as the OECD. The US implemented significant tax reform in 2017 with the Tax Cuts and Jobs Act (TSJA). TSJA introduced changes to the taxation of foreign income, including the transition to a territorial tax system. This reform aims to eliminate some of the tax risks associated with the international activities of US companies. Ongoing developments, including changes in international tax rules, the debate over digital taxation, and efforts to address tax avoidance continue to shape the tax risk landscape for US businesses in foreign economic activities. During these periods, US tax authorities, including the Internal Revenue Service (IRS), adapted tax rules to address the challenges arising from international economic activity.

The evolution of tax risks in US foreign economic activity reflects broader trends in globalization, technological advances, and changes in international business practices.

The appearance of tax risks in foreign economic activity in Russia, like in other countries, is the result of changes in the dynamics of international trade, business and taxation. Although the concept of "tax risk" was not clearly defined in a certain period, the problems related to taxation in the context of foreign economic activity in Russia have been developing over the years. During the Soviet era, the economic system was mostly closed, and international economic activity was limited. The taxation system was centrally planned, and the concept of tax risks in the context of foreign economic activity was not as evident as in a modern, globally integrated economy. With the collapse of the Soviet Union in the early 1990s, Russia transitioned to a market economy. During this period, the growth of foreign economic activity was observed due to the fact that economic entities are engaged in international trade and foreign investments. The tax system had to adapt to these changes. In the early 2000s, economic reforms continued and foreign direct investment increased. Russia joined the World Trade Organization (WTO) in 2012 and further integrated its economy into the world market. International transactions and taxation have become more complex. As globalization has accelerated, transfer pricing issues have come into focus. Russian tax authorities have begun to pay more attention to transactions between related parties in order to prevent profit shifting and to ensure that multinational companies operating in Russia pay taxes on their domestic income. Russia, like many countries, has focused on the problems of base erosion and profit shifting (BEPS). The Organization for Economic Co-operation and Development (OESD) developed BEPS recommendations and took measures to prevent Russian tax evasion and improve the integrity of the international tax system. In recent years, the Russian government has made changes to the tax legislation to solve the problems that have arisen. These changes may include amendments to the Controlled Foreign Companies (SFS) rules, thin capitalization and other measures aimed at increasing tax transparency and combating tax avoidance.

The digital economy has created new challenges for taxation. Russia, like many countries, is struggling with issues such as taxing digital transactions, determining the source of revenue in the digital space, and preventing the erosion of the tax base in the digital economy. Specific problems and risks related to tax problems in foreign economic activities in Russia have developed over time and continue to be influenced by global economic trends, changes in international tax rules, and efforts of the Russian government to adapt the tax system to the realities of the world. globalized economy. The government can also cooperate with international organizations and participate in initiatives to solve cross-border tax problems.

Conclusions and suggestions:

Analysis and practice of tax risks in foreign economic activities is very necessary for enterprises and governments operating in a globalized world. This process includes a thorough understanding of local and international tax regulations, adherence to compliance standards, and proactive risk management strategies. As seen in developed countries on different continents, the complexity of tax accounting requires a comprehensive and flexible approach. Businesses that engage in foreign economic activities face many challenges, including managing different tax landscapes, complying with transfer pricing regulations and keeping abreast of digital tax developments. However, effective risk analysis and management can lead to optimization of tax positions, increased compliance and ultimately contribute to sustainable and responsible business practices. Interdependence of local and international tax systems requires companies to use a comprehensive approach to tax risk analysis. It takes into account not only national tax rules, but also regional agreements and global standards.

Governments and businesses must continue to invest in technology solutions that support effective tax compliance and risk management. This includes the development and adoption of digital platforms that enable real-time reporting and data sharing.

Governments should consider the social and environmental impact of tax policies. Encouraging businesses to align their tax strategies with sustainability goals can contribute to responsible business practices and address broader social issues.

To create an international forum where business, tax experts and politicians can come together to discuss problems, exchange ideas and propose solutions. This platform can promote cooperation, solve common problems and contribute to the development of global tax standards.

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