

## **INNOVATIVE APPROACHES TO THE ORGANIZATION OF TAX CONTROL IN THE REPUBLIC OF UZBEKISTAN**

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### **ABSTRACT**

*The article discusses innovative approaches to the organization of control work of tax authorities associated with the receipt by a taxpayer of an unjustified tax benefit, the activities of tax authorities to collect evidence that a taxpayer has an unjustified tax benefit. Based on specific examples, conclusions about the work of tax authorities are drawn and proposals are formulated to strengthen the evidence in the aggregate, which will allow the tax authorities to succeed in bringing unscrupulous taxpayers to tax liability.*

**KEYWORDS:** *Tax Control, Tax Audit, Unjustified Tax Benefit, Innovative Finance.*

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### **1. INTRODUCTION**

Over the years of independence, Uzbekistan has realized its national identity and reached a new stage of economic and cultural development. During this period, the modern legal basis of national statehood was created, and on this basis, unique national systems were formed in all areas. Today, the history of the new Uzbekistan is enriched with new content. The bold steps towards the future, the structural reforms, the radical changes in the life of the society are sealed as a "golden page" in its history. [1]

It is vital to raise the development of our country to a new, higher level, to implement new reforms. In this process, the tax system, which is one of the most important links in the economic chain, must be active in creating conditions for equal and free competition. The adoption of a new tax concept in 2018 at the initiative of our President has defined a strategy for achieving these goals.

If we look at the situation before this concept, which launched new reforms in the system, 97% of taxpayers operate in a simplified model, their share in GDP is about 60%, and their share in budget revenues is only 9.2% which was. The basic tax burden on the general taxpayers is only 3%. [2]

Until recently, high taxes on pensions, schooling and travel, insurance premiums, property, and high VAT rates were a heavy burden on businesses. Therefore, if they do not want to, they will have to choose a tax evasion scheme or the number of employees in order to stay in the simplified regime, artificially conceal their salaries and pay them in an "envelope".

Today, the business environment is completely different. A completely new tax administration has emerged as a result of reforms initiated by the President to create a fair,

transparent, and long-term system. First of all, the types of taxes were reduced from 16 to 9, and the forms of control were reduced from 13 to 2. One of the priorities of the tax authorities is building a systematic client-oriented approach to organizing work with taxpayers. The essence of this approach is to increase the level of fulfillment by taxpayers of obligations to pay taxes and fees, as well as improve the image of the tax service of Uzbekistan through the development of an understandable, convenient, and economically justified tax administration in terms of providing public services and servicing taxpayers. [3]

In order to increase the efficiency of public administration, the tax authorities have set the main goals and objectives to improve the quality of services to taxpayers and increase taxes. Public administration efficiency. In particular, the Action Strategy addresses the following tasks, which can be classified as innovative:

- Improving tax administration;
- Improvement of software tools used in tax control procedures;
- Improvement of information interdepartmental interaction;
- Improvement of legislation on taxes and fees, including in the field of application of cash registers in the implementation of cash settlements and settlements using payment cards, tax administration, tax control, etc.;
- Counteracting corruption in the tax authorities;
- Improving the procedure for pre-trial settlement of tax disputes and increasing the transparency of the complaints procedure;
- Improving the procedures for interaction between the registering authority and applicants, the transition to state registration using mainly electronic document management, optimization of interagency interaction, as well as increasing the awareness of entrepreneurs about the state registration procedure;
- Development of electronic document flow between tax authorities and taxpayers using telecommunication communication channels;
- Ensuring the transition to a new system of taxation of real estate of individuals based on the cadastral value;
- Building a systematic, client-oriented approach to organizing work with taxpayers;
- Increasing the level of satisfaction of taxpayers with the results of interaction with tax authorities.

Thus, the key task of tax policy in Uzbekistan continues to be to improve tax administration as the main vector for the development of relationships with business. In particular, a decrease in the number of checks and the presence of inspectors with a shift in the center of gravity to analytical work. The risk-based approach of the tax authorities when conducting audits makes it possible to reduce the number of documents required by the tax authorities and to concentrate control on companies that distort tax accounting data in order to obtain unjustified tax benefits. [3]

In the context of expanded electronic declaration, the task of effective management of the information received is of particular relevance. The tax history continues to form in relation to each company, and whether it will be positive or not depends on the taxpayer himself. It is also relevant in the field of view of the tax authorities when carrying out tax control measures

to assess the integrity of the activities of taxpayers and their counterparties, including identifying cases of receiving an unjustified tax benefit by a taxpayer.

When conducting tax audits, tax authorities should take into account that, among the most important evidence of tax dishonesty, a set of interrelated facts should be considered, from which it follows that the taxpayer, by his actions, pursued the goal of obtaining an unjustified tax benefit. For example, a complex of documentary evidence of the simultaneous existence of facts about the failure of specific business transactions by the taxpayer and about the conduct of real activities by his counterparty is essential. [4]

In this case, the collection of evidence about specific economic manifestations of the results of transactions directly in the taxpayer's turnover is of paramount importance. The tax authorities need to substantiate that the documents submitted by the taxpayer do not in fact confirm the facts (reality) of the business transactions. In this case, significant evidence disclosing the fictitiousness (imitation) of the taxpayer's transactions will be data on the tax illegitimacy and bad faith of the counterparty. These may include the established inaccuracy of documents due to their signing on behalf of the counterparty by unidentified persons, as well as on behalf of a non-existent economic entity - a fictitious counterparty.

In practice, such an argument may be present in a situation where, based on the circumstances of the conclusion and execution of the relevant transaction, the taxpayer knew or should have known about the counterparty indicating inaccurate information or about the forgery of the submitted documents due to their signing by an unauthorized (unidentified) person who is not the head of the counterparty. In this case, it should be reasonably proved on the basis of the revealed facts that the taxpayer acted without due diligence when concluding and executing the transaction. For this, factual evidence must be provided that, when making and executing a transaction, the taxpayer, based on the expediency (reasonableness) of behavior in specific areas of business activity, business customs, must undoubtedly be aware of the circumstances of the counterparty's activities, including the failure to carry out such activities in reality. [5]

Recently, it is relevant to talk about horizontal monitoring as an instrument of effective tax administration, contributing to a qualitatively new development of relations between the state (represented by tax authorities) and taxpayers, since it is based on the conclusion - on an exclusively voluntary basis - of an agreement between the tax authority and the taxpayer on cooperation and provides for voluntary disclosure of information to the tax authority, preliminary coordination of the rules for taxation of complex transactions, reduction of the burden of subsequent tax control.

The mechanism for applying this tool is as follows: a taxpayer online informs his inspector about all tax risks that he may incur, and only after the inspector's response does a business transaction. Thus, a taxpayer, even before filing a tax return, can resolve controversial issues of taxation, timely response and prevention of risky transactions that may lead to violations of tax, currency and other legislation. In turn, the tax inspector in real time receives reliable information about the taxpayer's activities, access to the taxpayer's accounting and tax accounting data and can check the correctness and timeliness of the taxpayer's business transactions for tax purposes. [6]

Horizontal monitoring provides for full disclosure of information on their activities by taxpaying companies, a high degree of openness for tax authorities, transparency of transactions, and this allows tax authorities to exercise tax control on an ongoing basis. However, in cases where there are controversial issues related to the taxation of transactions, these companies can provide information on completed or expected transactions in order to

obtain clarification on this issue and further adjust their tax policy. This mechanism is beneficial for taxpayers, because allows in many cases to reduce tax risks by increasing the predictability of tax regulation, to reduce the uncertainty arising in the process of interpretation and application of tax legislation. And this, in turn, contributes to the growth of investment attractiveness of Uzbekistan. [7]

Horizontal monitoring is an innovation for Uzbek practice, and, accordingly, in order for this method to be implemented and bring the expected results, clear instructions are needed for employees who will be responsible for this internal control system, since the institution of horizontal monitoring requires guarantees from the tax authorities - companies must be sure to preserve the entire set of trade secrets by providing financial statements. The result of monitoring may be the adoption of decisions on amendments and additions to tax legislation.

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