



CONTROL OF TAX RISKS IN UZBEKISTAN

Elbaeva Muqaddas Rashidovna-Senior Lecturer, Tashkent Institute of Architecture and Civil Engineering Tashkent, Uzbekistan

ABSTRACT: *In economically developed countries, the existence of a clearly functioning tax system of the state is a sign of its high level of development. The strategic directions of tax reforms were determined by the President of the Republic of Uzbekistan, the head of the state and executive authorities and approved by their decrees. The decrees set out the goals of the decisions taken and the ways to implement them. Tax risk management is a worldwide phenomenon that is gaining importance in the discourse of both tax authorities and corporate taxpayers. Can be used as a methodological basis for making effective management decisions on tax regulation in order to prevent negative consequences.*

Keywords: tax control, tax audit, risk, economic risk, tax risk, losses, consequences administrative decisions.

In economically developed countries, the existence of a clearly functioning tax system of the state is a sign of its high level of development. While many of the historical, legal, religious, and other sources that have come down to us say that taxation is an ancient social phenomenon with a very long history, it also contains important information about its types. For example, in the ancient Near East, taxes were levied on the population in the form of property taxes, land taxes, taxes on livestock and other property as zakat. In ancient sources on the history of the Turkic peoples in the IV-VI centuries, the population of the defeated side in clashes between tribes, clans, paid taxes to the new rulers for the existing land or livestock, engaged in farming or animal husbandry. In areas where it is not possible to use, there is a lot of information about the extraction of ore from a certain amount of deposits instead of taxes.

After the Arab invasion of Central Asia in 651, the tax system became more complex and the types of taxes increased. For example, taxes on charity were used to alleviate social



tensions and were used to donate to the poor, orphans, and travelers. Later, various types of taxes (zakat, ushr, juzya, khiraj, boj) were invented, and their history is very long, and their content is rich accordingly. It is no exaggeration to say that with the advent of public administration came the concept of taxation and tax policy.

A few days before the declaration of independence of Uzbekistan, on August 12, 1991, after the adoption of the Resolution of the Cabinet of Ministers No. 217 "On State Tax Bodies of the Republic of Uzbekistan", the tax authorities began to serve our statehood.

It is well known that under the Soviet administration, the tax system itself could not exist in its current form. There was no need for tax instruments to regulate the economic activities of the totalitarian state, because all economic indicators - wages, production volumes, prices - were strictly controlled and unilaterally, without taking into account the objective economic processes. The strategic directions of tax reforms were determined by the President of the Republic of Uzbekistan, the head of the state and executive authorities and approved by their decrees. The decrees set out the goals of the decisions taken and the ways to implement them.

Taxes are a right of the state social services and are collected from companies, public organizations and the population. Taxes are collected to cover public socio-economic expenditures. Taxes in the territory of our country are set and abolished by the OliyMajlis of Uzbekistan. According to Article 23 of the Republic of Uzbekistan, the tax system has the following structure, which includes:

1. Corporate income tax.
2. Income tax from individuals.
3. Value added tax.
4. Excise tax.
5. Tax on the exclusion of subsoil resources.
6. Tax for the exclusion of water resources.
7. Property tax.
8. Land tax.
9. Tax on transportation of gasoline, or diesel and gas.

Other high fees include:

1. Effective payment to the social fund;



2. Effective payment to the Republican Road Fund;
3. State duty.
4. Customs duty.
5. Monthly retail and storage of goods.

These taxes are distributed annually among the relevant budgets in accordance with the norms established by law. With the help of taxes, the National Finance is formed. There are three main stages in the development of the national tax system. It is noteworthy that the stages of development of the national tax system are in line with the stages of radical changes in the economy of our country.

In the first phase, 1991-1994 was covered and the following main tasks were solved;

- organization and introduction of a completely new system of taxes and fees in accordance with the transition period;
- Sensitive attitude to the current economic situation, rapid introduction of changes in tax legislation;
- In the context of tax shortages, declining production volumes in the process of inflation, and an increase in the number of enterprises that suffer losses, the budget revenues will be offset by financial resources;
- Development of financial production infrastructure, achieving self-sufficiency in strategic resources, redistribution in favor of radical structural changes;
- Maintaining living standards and social stability in the face of rising prices and declining production;
- Establishment of the State Tax Service as an independent system in the field of calculation and payment of taxes and other mandatory payments, which will ensure compliance with applicable law.

According to the decisions of the Senate of the OliyMajlis on the forecast of key macroeconomic indicators and parameters of the state budget, the Tax Code currently consists of 21 sections, 64 chapters and 392 articles. It is aimed at further reducing the tax burden, simplifying the tax system and developing the principles of an effective tax system.

The growth rates and high macroeconomic indicators achieved over the past years are the logical results of many years of hard and complex work to radically reform and



modernize all sectors of our society, which is a practical reflection of the consistent and sustainable development of our economy.

Very often the tax administration has to deal with a lot of risks. This can relate to either the risk of non-compliance, including the risk of tax fraud, or the risk of insolvency by the taxpayer, etc. Risk management allows us to manage these risks. The term "risk management" can have many different meanings depending on the area it is used, but they all have one thing in common: it helps us reduce risks that seem to threaten our missions, but which can also provide us with a quality assurance of our actions. ... Tax risks can be characterized as the risk of financial losses, as well as adverse legal consequences that can be assessed with varying degrees of probability.

Ernst and Young define "tax risk" as "Any event, action, or omission in tax strategy, operations, financial reporting, or compliance that either adversely affects a company's tax or business objectives, or results in an unexpected or unacceptable level of cash impact. funds, financial statements or reputation".

All subjects of tax legal relations face such risks.

Tax risks, being an important part of the financial and economic activities of entrepreneurial structures, directly affect the activities of the taxpayer and require management. The need to consider risk management in general in a tax context arises from the inherent uncertainty of tax legislation, which gives rise to uncertainty in their interpretation. Where uncertainty exists, there is risk that can be quantified and managed, which ultimately links risk management to the degree of tax aggressiveness and attitude towards the law.

There is reason to believe that uncertainty about some tax laws, coupled with a more aggressive regulatory environment that has led to increased interest in taxes from management, has led to greater conservatism in tax planning.

The tax risk management process is an integral part of financial risk management. However, in the economic literature there is still no unified harmonious theory describing this process. Having studied the opinions of various authors on tax management issues at an enterprise, the following main stages of tax risk management can be distinguished:

- 1) risk identification (qualitative analysis);
- 2) quantitative risk assessment (quantitative analysis);



- 3) development of measures to minimize risk;
- 4) calculation of the effectiveness of the proposed activities;
- 5) making a management decision to eliminate tax inefficiency
- 6) control and evaluation of the results obtained

When implementing tax risk management, as an integral part of financial risks, it is necessary to be based on the following postulates:

- managing risks does not necessarily mean covering them. One of the main provisions of the theory of risks states that the management of the organization should strive not for the minimum, but for the optimal risk;
- risk coverage is always associated with certain costs;
- the size of the authorized capital of the organization and the level of its liquidity are connected (correlation-regressively) with the level of the maximum permissible risk;
- the value of the planned and / or necessary for the survival of the organization profit should not be directly related to the implementation of the risk strategy and policy.

The above provisions undoubtedly apply to tax risks as part of financial risks, but the sanctions and interim measures provided for by tax legislation make certain adjustments. Acceptance of tax risk is characterized not only by the multiplicative rule of the theory of probability, described in the methodology for assessing the uncertainty of the tax liability, but also by the growth in a significant progression of the consequences of tax risks as a result of bringing to tax liability and the application of interim measures in relation to the taxpayer. This indicates the imposition of a more stringent framework for determining the optimal value of tax risk, as well as the need to take maximum efforts to identify, eliminate, and reduce the sources of tax risks.

A tax risk management system is necessary for each participant in tax legal relations, regardless of the scope of its activity, form of ownership and whether it is large or small. At any enterprise, work should be established to take into account tax risks when making management decisions. The company should organize the tax risk management process independently, forming internal orders, developing various regulations and procedures, tightening requirements for documentation and advanced training of specialists. When implementing tax planning, it is necessary to provide for a qualitative and quantitative assessment of the magnitude of tax risk and measures to reduce it. It is necessary to carry



out constant monitoring of tax risks, which allows them to be identified and eliminated in a timely manner. Indeed, after filing tax claims, it will not be possible to avoid financial losses, especially if the risk is “caused by errors or flaws in the documentation, the wording of contracts and other factors that cannot be corrected”. Such control is also necessary to exclude the payment of unnecessary tax payments.

An effective tool for reducing and neutralizing tax risk should be the monitoring of tax errors, which implies their identification and timely correction. In addition, it is necessary to organize constant monitoring of arbitration practice and clarifications on controversial tax issues. It should also provide for regular reporting on tax issues to the management of the enterprise.

To ensure control over the level of tax risk, it is necessary to determine the amount of permissible tax consequences for the organization and direct the efforts of the tax management to comply with the established limits.

It is well known that in today's peaceful and prosperous life, young people are given the right to free education, and it is up to them to respond with gratitude and excellent grades. As our young people step into the future, they will lay the foundation for themselves and for the future of our country. It is clear that our young people must not forget at any moment that they are part of this growing society. Not only sound education but his alertness and dedication too are most required. In order for our children to have the best life and the best conditions, they need to be open-minded, curious, curious and knowledgeable. Therefore, one of the important tasks for today's teachers is to educate young people in the spirit of respect for taxes, the importance of taxes in public administration and their role in the socio-economic process.

At the end of our study we briefly reflect the role of indirect taxes paid by legal entities in the tax system of the Republic of Uzbekistan, the prospects for improving and developing the mechanism for calculating indirect taxes paid by legal entities and the main conclusions and recommendations. They include:

First, it is necessary to reduce the rate of excise tax on excisable goods produced in the Republic of Uzbekistan and excisable goods imported into the territory of the Republic of Uzbekistan, which are necessary for the needs of the population.



For example, vegetable (cotton) oil, poultry eggs, natural honey, citrus and hul fruits, fish, shellfish, shellfish or other invertebrates, various foods, condensed or added sugar, unsweetened dairy products.

Second, to set the deadlines for payment of excise tax and taxes on the use of gasoline, diesel fuel and gas on vehicles as value added tax. At the same time, enterprises will be able to use a little more of the available funds.

Third, it is necessary to consider the base for calculating value added tax. Under the current procedure, the amount of excise tax and customs duty is included in the tax base when calculating value added tax. It is necessary to reduce the tax burden on indirect taxes by reducing and stratifying the rate of value added tax.

Fourth, the period of payment of value added tax should be equal to the period of receipt of funds on the account of the enterprise.

In general, it can be said that in view of the above-mentioned tasks, it would be expedient to carry out the following work. This, in turn, will lead to the improvement of the mechanism for calculating indirect taxes paid by legal entities.

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