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Introduction of profit tax in Uzbekistan and development trends

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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.

Literature review.

Nowadays, the main goal of business entities of various forms of ownership is to try to get maximum profit while spending less. At the same time, if the company has a strong payment discipline, it tries to avoid any fines by paying taxes to the budget on time and pays taxes to the budget on time. Profit is the last financial result of business entities operating on a commercial basis, and is one of the main financial sources of income of the republican and local budgets. When prices are stable, the increase in profit dynamics indicates that the enterprise is operating efficiently. The increase in profit increases the financial power of the enterprise, the creation of a fund for the development of production and the social sphere, and the possibility of financial incentives for employees. Abdukarimov (2005) recognizes profit as one of the complex economic categories and states that

it mainly represents the economic relations that arise in the process of creating and using additional value.

Alieva (2011) defines profit as a payment for the services of entrepreneurial activity, that is, to skillfully combine resources for the production of goods and services, to make unusual decisions on enterprise management, to introduce innovative types of products, to change the production process., also recognizes as a premium for economic risk. German economist E.F. Scheffle interpreted profit as a return on invested capital.

Milyakov (1999) mentions that profit is an important source of enterprise budget formation and that production and social development are carried out at the expense of this source. Like many others, Mardiasmo (2013) associates corporate taxes with profits. He suggests that the profit tax is collected from taxpayers when the subjective conditions and objective requirements specified in the legislation are observed.

Tashmurodov (2004) states that the essence of the enterprise profit tax is reflected in the relations that arise when a part of the profit is centralized to the state budget as a mandatory payment. In this regard, the following proposal was formulated for the concept of profit tax: - profit tax refers to the transfer of a part of the added value created in enterprises, organizations and associations to the state budget as a mandatory payment within the limits set by law. direct monetary relations are understood.

A. Fedorov. (2010) believe that "proposed measures to improve tax administration that reduce administrative burdens and encourage investment activity of large taxpayers, significantly expand and complement existing tax incentives, and developed methods and methods of stimulating the investment activities of large taxpayers through taxes, which increase investment sources, and evaluated their effectiveness."

Research methodology.

Comparative analysis and induction and deduction evaluation methods were used in this article. Using the comparative method, the data

and their analysis on the improvement of service to tax payers were carried out and scientific conclusions were given.

Analysis and discussion of results.

Profit tax plays an important role in the development of trade relations between countries in the world economy. There are several aspects that explain the importance of this tax, and in terms of investment attractiveness, the profit tax can be a factor influencing the decision of companies to invest in a particular country. If the corporate tax is low, easy to pay and fairly applied, companies will be more inclined to invest in that country. It helps to develop trade relations and attract foreign investments. Regarding the competitiveness of enterprises, profit tax can contribute to the competitiveness of enterprises in international trade. If the tax burden is low, companies can use these free funds to innovate, develop and grow, making them competitive in global markets. In the division of duties, the profit tax helps to implement the principle of fair distribution of duties between companies and countries. If companies make profits in a certain country, they must also contribute to the development of that country through tax payments. This will help to share the burden fairly and strengthen relations between the countries. And in financing public programs, profit tax is an important source of revenue for governments, which can be used to finance various public programs and infrastructure projects. This will help create favorable conditions for business and develop trade relations between countries. Profit tax plays an important role in the development and support of trade relations between countries in the world economy. It promotes investment, competitiveness and fair sharing of responsibilities, and is a source of funding for public programs and fighting tax evasion.

In the tax system, the profit tax collected from enterprises and organizations is one of the main factors of ensuring the competitiveness of the national economy. This is because the profit tax is the main instrument for stimulating domestic producers, increasing exports and attracting foreign investments. Therefore, improving the

tax administration in the collection of profit tax is of great importance in increasing the competitiveness of our national economy. In the past and now, taxes are directly related to the emergence of the state, that is, the state uses taxes as a source of finance to fulfill its tasks. The application of taxes is objective, because not all subjects of society operate in the real sector, that is, in the production sector. There are sectors in society that are rejected by others or whose activities are economically ineffective, which require the objective application of taxes. If we explain more clearly, the division of society into unprofitable (defense, medicine, science, education, culture, etc.) and profitable sectors, the natural necessity of financing the unprofitable sector makes it necessary to introduce taxes, although the social services of the unprofitable sector are mainly implemented by the state. The taxes that arise as a way of financing them also belong directly to the state. The main goal of reforming the tax system in our republic is to achieve further development of production and stabilization of the economy by reducing the tax burden on taxpayers. In each country, this goal can be achieved only through the implementation of consistent tax administration.

The importance of improving the conditions for the modernization of the economy of our country in the regulation of the tax system has greatly increased, and tax policy, including tax administration, serves as an important support in the implementation of the tasks set before it. As President Sh.M. Mirziyoyev noted, "The implementation of these tasks largely depends on the regional economy. Therefore, more than 500 million dollars and 2 trillion soums have been allocated for the development of entrepreneurship. At the moment, the procedure for tax administration, inspections, and permits, which are the most disturbing for entrepreneurs, has been eased."¹ Therefore, a necessary condition for business entities in our

country to make a profit is a certain level of development of production, which ensures that the income from the sale of products exceeds the expenses. Scientific works of economists of our country devoted to the regulation of tax relations, directions of profit formation and use in enterprises, profit tax and its calculation methodology, and improvement of tax administration in the collection of profit tax have been studied.

As a result of these scientific researches, we will dwell on the formation of profit and how it occurs. Profit is the last financial result of economic entities operating on a commercial basis, and is one of the main financial sources of income of the republican and local budgets². When prices are stable, the increase in profit dynamics indicates that the enterprise is operating efficiently. The increase in profit increases the financial power of the enterprise, the creation of a fund for the development of production and the social sphere, and the possibility of financial incentives for employees. The scientist S.S. Aliyeva, who was engaged in the issues of profit formation and distribution, used profit as a payment for the services of entrepreneurial activity, that is, skillfully combining resources for the production of goods and services, making unusual decisions on the management of the enterprise, introducing innovative types of products, to change the production process, and also recognize as a reward for economic risk³. Russian economist N.V. Milyakov mentions that profit is an important source of enterprise budget formation and that production and social development are carried out at the expense of this source⁴. American economists B. Needles, H. Anderson, D. Caldwell interpret profit as an increase in capital invested as a result of economic activity⁵. German economist E.F. Scheffle interpreted profit as a return on

¹ <https://president.uz/uz/lists/view/5133>.

² Хайдаров Н. Солиқлар ва солиққа тортиш масалалари. – Т.: Akademiya, 2007. – 54 б.

³ Алиева С.С. Совершенствование формирования и распределения прибыли предприятий в условиях модернизации экономики. (на примере предприятий Самаркандской области). Автореферат диссертации на

соискание ученой степени к.э.н. – Т.: БФА, 2011. – с. 9-10.

⁴ Миляков Н.В. Налоги и налогообложение. Курс лекций. – М.: ИНФРА-М, 1999. – с. 72.

⁵ Needles Jr B. E., Anderson H. R., Caldwell J. C. The basic principles of accounting // Publishing House Arc. – 2000. – p. 47.

invested capital⁶.

Profit tax, which is one of the types of taxes, is used as a financial and economic category to ensure socio-economic development, including as a factor of ensuring economic growth. It is also finding its perspective in defining the prospects of socio-economic development of the country and creating conditions for the implementation of strategies developed within the framework of the tasks aimed at it and ensuring the effectiveness of the implementation of the Development Strategy. Therefore, the profit tax, like other types of taxes, is gaining financial importance within economic entities. This, on the one hand, protects the interests of the state and, on the other hand, the interests of all enterprises, and also helps in the development of the economy. Scientific views on the introduction and formation of profit tax in our country have been implemented with the help of scientific research works of a number of scientists. In particular, according to the scientific research of professor N.K. Khaidarov, "In Uzbekistan, from January 1, 1992, the income tax and from the 1995 financial year, the income tax was applied to economic entities in certain sectors. In addition, the "profit" tax was introduced. Enterprises that produce and create material wealth mainly belong to legal entities that pay profit tax. However, regardless of the form of ownership, banks, insurance companies, enterprises that organize entertainment games, stock exchanges, and some institutions, regardless of the production of material wealth, all joint ventures and other income (profit) taxes. The owner is part of the legal entities"⁷.

According to another scientist D. D. Pashakhodjayeva, "According to the Decree of the President of the Republic of Uzbekistan No. PF-1014, adopted on November 30, 1994, the tax on business income (profit) has been

implemented since 1995. Until this period, only income tax was applicable, and according to this Decree, most enterprises were transferred to pay profit tax. But some business entities, i.e. banking and insurance organizations, auctions, casinos and a number of other activities are reserved."⁸. According to Professor N.R. Fayzieva, "profit tax was initially introduced on February 15, 1991, based on the law "On Taxes Collected from Enterprises and Organizations". Enterprise profit is included in the tax base. Then income tax was introduced, and profit and salary were included in its base. Since January 1, 1995, in order to increase the income available to enterprises, it has been transferred to the profit tax and wages have been excluded from the tax base⁹. It can be seen that many economists have conducted research on the introduction and development of the profit tax in our country. These economists mainly expressed an opinion about the initial appearance of the profit tax, that is, the introduction of the income tax and the transition from the income tax to the income (profit) tax.

In addition, according to local scientists Q. Bazarov, "problems in the profit tax mechanism and ways to solve them have been studied and simultaneously analyzed from the perspective of the budget and the interests of enterprises, shortcomings in its mechanism of action have been identified and ways to eliminate them are proposed. The researcher made specific suggestions on determining the object of taxation and setting its rates and reducing them somewhat, and the conditions for the implementation of these processes are reflected. It has been proven that there is a dialectical relationship between the profit tax and the benefits granted under it, and the views on giving benefits are unfounded¹⁰.

In our opinion, the research conducted by

⁶ Мануйленко В. В., Садовская Т. А. Экономическая сущность, виды и функции прибыли хозяйствующего субъекта: современный аспект // Финансовая аналитика: проблемы и решения. – 2012. – №. 33. – с. 26.

⁷ Хайдаров Н.Х. Иқтисодий эркинлаштириш шароитида корхоналар инвестицион фаолиятидаги молия-солиқ муносабатларини такомиллаштириш масалалари: и.ф.д. илмий даражасини олиш учун ёзилган диссертация. – Тошкент, 2003.

⁸ Пашаходжаева Д.Д. Фойда солиғи ҳисоби ва аудитини такомиллаштириш: иқтисодий фанлари бўйича фалсафа доктори (PhD) илмий даражасини олиш учун ёзилган диссертация. – Фарғона, 2020.

⁹ Файзиева Н.Р. Фойда солиғини иқтисодий ўсишга таъсирини моделлаштириш: иқтисодий фанлари бўйича фалсафа доктори (PhD) илмий даражасини олиш учун ёзилган диссертация. – Тошкент, 2019.

¹⁰ Базаров Қ.Т. Корхоналар фойдасидан олинадиган

domestic economists is not enough to scientifically reveal the improvement of profit tax administration in our country. Therefore, the introduction of the profit tax administration in our country, as well as scientific views and research, require further study. G. Kolm, one of the foreign economists, believed that the profit tax can have both positive and negative effects on the economy. On the one hand, Kolm noted that the profit tax can serve as a means of reducing income inequality. In his opinion, rich businessmen should pay more taxes to equalize opportunities for different segments of the population. This can be especially important in the context of growing social inequality. On the other hand, Colm warned that very high corporate tax rates could have a negative impact on investment. He believes that lower tax rates will help attract capital and encourage entrepreneurship, which will help economic growth. In addition, Colm considered how to distribute the tax burden among different types of businesses. He suggested using the principle of progressive taxation, according to which the tax rate increases with increasing profits. This made it possible to fairly distribute tax liabilities among companies with different profitability. In general, Colm recognized the importance of the profit tax to society, but he believed that tax rates should be balanced so as not to harm economic development¹¹.

Having considered the problem of the interaction of the accounting and tax accounting systems based on the analyzes given by these scientists, we have come to the following conclusions regarding the need to revise these opinions. Firstly, the independence of the normative and methodological foundations of accounting from tax legislation, secondly, in general, the methodology for calculating tax amounts should be derived from the foundations of classical accounting, and thirdly, the uniqueness of using the same methods in accounting and tax accounting, complete fourthly, consistency in the process of collecting and summarizing information on tax obligations in accounting and reporting, fifthly, harmonization and legal interaction of terms

and definitions in accounting and tax accounting, which means that conflicts arising in them leads to consistency and elimination.

When analyzing the interaction of accounting and tax accounting on the basis of data in scientific research, foreign scientists have the peculiarity of using the same methods, having a systematic nature in the process of data collection and generalization. , it should be noted that the tax accounting procedure is widespread. In turn, the fact that organizations fill in the necessary details on the basis of accounting registers is considered convenient for tax administration in favor of organizations. It would be expedient if these processes are carried out consistently with the help of software products using the information base.

The system of managing tax relations is considered tax administration and is carried out by tax and state authorities. In a narrow sense, the tax administrator means the control over compliance with tax legislation by tax authorities. The subject of tax administration is tax relations (sum of relations between taxpayers, tax authorities and other tax subjects). The activity of tax authorities and the system of taxes and levies is considered an object of tax administration

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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¹¹ "The Ideal Tax System", 1934, *Social Research*.

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