

Eurasian
Research Bulletin

Issues of improving the implementation of tax obligations in Uzbekistan

**Mirzaaliyeva Gulchehra
Abduvali qizi**

**Tashkent State University of Economics
independent researcher**

ABSTRACT

In this article, the normative-legal basis of the tax legislation of Uzbekistan is studied, the main focus is on the tax legislation and the role of taxpayers' obligations. Also, conclusions were drawn on common problems, including the need to improve the enforcement of tax obligations and tax evasion, to make tax legislation and tax rules clearer and simpler. At the same time, some important reforms were studied, and scientific and practical conclusions and proposals were developed on foreign experience and its application in our country.

Keywords:

Tax liability, tax policy, tax revenue, analysis, indebtedness, efficiency, optimization, tax benefits, tax rate.

Introduction. Taxes are the main place in the formation of budget revenues. Therefore, it is necessary to formulate budget revenues on time, in full, without various conflicts, in legal ways. In this case, the collection of taxes and payments made by taxpayers is of great importance. Today, the increase in taxpayers who have been fed without paying their tax and fees, expresses how relevant the chosen topic is. Therefore, today, reducing the debt of taxpayers to the budget remains one of the pressing issues before the tax authorities in our republic.

Literature review.

We have tried to study the scientific research carried out within the framework of the topic of improving the implementation of tax obligations. Tax liability-the total amount of tax debt to the state of an individual, corporation or other legal entity. Income tax, sales tax, and capital gains tax are all forms of tax liabilities (Johnson, 2022). The definition of a tax liability is the amount of money or debt that an individual or legal entity owes to the state on a tax basis (Josepson, 2022).

Hence, the perceived tax obligations go towards tax evasion. That is, within the framework of this study, we will try to reveal the economic

essence of the concept of tax evasion. Tax evasion refers to a large-scale activity carried out in order to illegally reduce the tax obligations of individuals or legal entities. Tax liabilities are the standard and legal aspect of tax systems, and tax evasion is a criminal act that fraudulently seeks to avoid or reduce these liabilities. Tax evasion has been common everywhere throughout history. The term "tax evasion" includes a wide range of activities by those who do not want to pay a fair share of taxes (Ovusu et al., 2019).

This is an attempt to break the law in order to reduce taxes. Reducing income, overstating deductions, and manipulating financial documents are examples of tax evasion strategies (Ozili, 2020). Nevertheless, the amount of income lost by tax evasion can be large in any country. Many tax evasion studies consider individual behavior in a specific context (alm et al., 2019). It depends on individual factors such as morality, trust, attitude, perception, intention, awareness, culture, religiosity, knowledge and education. Personal income tax is the most common objective in which these behaviors are considered, and the most theoretical and

empirical work on tax evasion focuses on personal income tax (Efeeloo and Dik, 2018). Individuals may avoid paying income taxes by reporting their income sparingly, overstating deductions, benefits, or credits, ignoring timely filing of tax returns, or even participating in the conversion to avoid paying taxes. On the other hand, such behavior can of course be obtained in different taxes. At the moment, firms, for example, individuals, as in the case of personal income tax, may not report income poorly, exaggerate deductions or submit tax returns on income tax of legal entities.

Factors related to economics in the literature are tax rate, financial constraints, income level, tax burden, corruption, economic structure, audit, fines and unemployment. Richardson (2016) found that tax evasion is more influenced by non-economic factors than by economic factors. Subsequently, corruption and tax evasion are described as common problems. Corruption is an dishonest or criminal offense committed by an authority and an authorized person or corporation with the aim of gaining illegal advantages or abusing power for personal gain (Khelif and Amara, 2019). Finally, unemployment is defined as those who are over a certain age, are not employed in paid work or independent work, but are also seeking employment at the same time (Tabandeh and Tamadonnejad, 2015). According to research, unemployment is the main source of clandestine economics.

In addition to the economic and non-economic factors mentioned above, other factors are also used by the most recent studies on tax evasion. Literature reviews provide some variables such as digitization of Public Services, Corporate Social Responsibility, and the impact of information dissemination. First, governments around the world have followed the private sector in using the internet to communicate with their residents, understanding that in recent decades, Internet technology can simplify public services and increase their efficiency (Uyar et al., 2021). E-government is one of the most important ways to assess the volume of digital transformation of public services and is becoming an important measure of effective management (Shokrkhodaei, 2018).

Subsequently, corporate social responsibility is a self-regulating business model that helps a firm to have social responsibility to itself, its stakeholders and the general public (Montenegro, 2021). Finally, a whistleblower is someone who reveals knowledge or action that is illegal, immoral, illegal, dangerous, fraudulent or misusing public funds within a private, public or public organization. The introduction of whistle systems increases the possibility of detection by adding uncertainty to the probability of passing an audit (Masslet et al., 2019).

Research methodology.

In the analysis process, methods of statistical grouping of data, comparative and trending analysis were used. The article provides a comparative analysis of the scientific and theoretical views of economic scientists aimed at ensuring urgent issues of improvement of tax administration.

Analysis and results discussion.

The increase in the number of taxpayers who have fallen into a state of insolvency without paying taxes and fees accrued today represents how relevant the chosen topic is. Reducing the debt of taxpayers from budget and off-budget target funds remains one of the most pressing issues before tax authorities in our republic. The basis of state budget revenues is due to taxes, economic entities, that is, the funds that must be paid by taxpayers, must be paid on time. Timely provision of funds of the state budget creates conditions for the fulfillment of the duties and obligations of the state. If the state does not fulfill its task and obligation, or late, the development of the country's economy slows down, the layer of the population in need of social protection is left unprotected, the standard of living of the population in society decreases, and the confidence and love of the population for the state decreases. Therefore, taxpayers must pay off tax debts from budget and off-budget target funds as timely as possible, in full. That is why it itself determines how relevant the chosen topic is.

During the years of independence, significant work was carried out on the formation of a market economy, the creation of mechanisms for state regulation of its legal basis and the

externalization of market infrastructure. Despite this, there have also been cases of leaders of some economic entities doing as they know, not obeying the laws and regulations adopted by the government. One such case is to avoid timely payment of taxes and fees accrued to budget and off-budget target funds.

In this regard, the head of our state in the most important directions of socio-economic development of the country and deepening economic investments noted that "under the new tax policy of 2019, the tax burden on wages was reduced by 1.5 times, as a result, the number of people working in the official sector increased by 500 thousand during the year. As a result of our reforms, 93 thousand new business entities were created last year, or almost 2 times more than in 2018. Also, since 2020, under the tax code of the new edition, tax payments overpaid by business entities or unreasonably levied by the tax authority, if they are not returned within their term, will be returned to it on account of the central bank at the basic rate, calculating a percentage from the budget." he stressed.

Due to the need for an economically healthy environment for the development of the economy of the Republic, taking into account the capabilities of economic entities seeking to fulfill their obligations, it was determined that it is necessary to apply appropriate measures for their effective functioning, to create favorable conditions for them.

The formation of state budget revenues is largely entrusted to the authorities of the state tax service. The tax system has the following five main functions of taxes:

- fiscal (Treasury filling) function;
- function of regulating the economy;
- stimulation function;
- control function;
- information support function.

In the process of fulfilling its fiscal (Treasury replenishment) function, the tax system meets the economic entities in different conditions. The most numerous and problematic situation of meetings is the state of collection of tax debts of economic entities from budgetary and non-budgetary target funds. First of all, it is necessary for us to understand what debt and

tax debt itself are. Also, indebtedness is a tax, an accrued pension and the entire amount of penalty sanctions imposed for violation of laws.

tax arrears-the amount of taxes, fees and other mandatory payments accrued for payment to the budget and state target funds that were not paid after the expiration of the periods of their payment;

Today, the economy is spread over a living organism. The reason is, if some part of the living organ is slightly sluggish in the process of performing its activities it will certainly show its negative effects on the whole organism. For the development of the state economy it can not be divided into sections or joints. The intervention of the state in the economy is carried out at the time when the tax system performs the function of regulating the economy. The taxpayer is obliged to pay taxes on time, which must be paid by legal entities and individuals. The failure of taxpayers to pay off their debt to the budget will not have its negative impact on other sectors of the economy.

- As can be seen from the above, the tax policy in preventing the emergence of tax arrears on taxes and fees, at the same time, the role of tax authorities is also very large. In practice, the tax authorities act as the main body in the implementation of the tax policy of the state. First of all, a complete, extensive and continuous explanatory work should be carried out on the social significance and essence of taxes on taxpayers. At the same time, it is necessary to explain the mechanism for calculating and paying taxes. Taxes, while it should be understood to payers, the calculation of taxes should be simple, and the payment period should be favorable to the taxpayer. Then there will be no tax debts on taxes and other targeted payments. Declining solvency can lead the enterprise to an economically dire situation, where the debtor debt of the enterprise is less than the creditor's debt and ultimately lead the enterprise to bankruptcy. In terms of taxes and fees, we can divide the reasons that depend on the emergence of tax liability into two, that is, the reasons that depend on the taxpayer and the reasons that do not depend on the taxpayer:

- Reasons that depend on the taxpayer:
 - errors and disadvantages in enterprise management;
 - not working according to a business plan;
 - decreased profitability of production;
 - decrease in demand for goods produced by the enterprise in the market;
 - increased receivables of enterprises;
 - decreased solvency.
- Non-taxpayer reasons:
 - unhealthy economy;
 - increased tax burden;
 - uneven distribution of tax burden;
 - decrease in the level of income of the population;
 - the kimmatalization of resources affecting production.

Below we will take a closer look at the reasons that the tax on taxes and fees depends on the emergence of debt. Reasons that depend on the taxpayer:

- there are errors and disadvantages in the management of enterprises, no matter how many facilities are created for the enterprise, errors in management lead the enterprise to bankruptcy. The head of the enterprise, first of all, is obliged to know the full information about the enterprise he is managing, that is, what kind of product the enterprise produces, at what time and in what quantity, the quality of the product and the competitiveness of this product with other products, the demand for the goods produced on the market, production costs and, of course, how much. Taking into account these and similar emergency situations, it is necessary that the manager prevents the enterprise from falling into an economically unstable state, that is, into a state of bankruptcy, which cannot cover the costs of its income.
- the business plan is basically non-working, in which the enterprise must have its own business plan, which is kept secret from everyone, in order to ensure the duration of the enterprise's activities. A business plan is correctly formulated as a sign that management is going wrong when an enterprise cannot work according to its business plan. Taking into account the political and economic changes in society, it is necessary to change the monan

business plan and work in harmony with the Times.

- a decrease in the profitability of production is also caused by a decrease in the profitability of production as a result of an increase in costs at the enterprise, which are constant and independent of production. The obsolescence of working Lightning technologies and the low production capacity of these technologies compared to new technologies also lead to a decrease in profitability. Failure to take measures to provide the enterprise with new equipment means freeing the enterprise's place in the market to a competing enterprise.

- while the decrease in demand for the goods produced by the enterprise in the market, the decrease in demand for the goods produced by the enterprise in the market indicates that the product developed by the enterprise is of low quality, high cost, low level of sophistication compared to other products.

- as a result of an increase in the receivables of enterprises, an increase in the receivables of enterprises leads to a decrease in working capital in production, the absence of working capital leads to a cessation of production. The fact that the amount of production of the enterprise falls below the point of harmless operation leads to the end of the enterprise's activities at the expense of constant costs. This in turn affects the economy chain reaction mainly to other sectors of the economy. For example, unemployment increases, there is no sphere in which the increase in unemployment does not affect society itself, so that the failure of any enterprise poses a big problem for society.

As a result of tax injustice, disciplined taxpayers who comply with all tax requirements will be unable to withstand competition and will be forced to leave the market or look for ways to avoid taxes. The exemptions indulge in privileged enterprises and externalities, disrupting competition in the local market. Tax exemptions and benefits for sorted businesses reduce the tax base and thus increase the tax burden on other businesses. Exemptions and benefits also undermine incentive factors for leaders of freed enterprises, not increasing the effectiveness of their companies, but

encouraging their support for their relationship with the government. Those who do not have special exemptions have to pay more, to which taxpayers respond by seeking to reduce tax payments through tax evasion and corruption. In general, when businesses are taxed in excess of profitability, the government tries to support businesses of strategic importance by granting them tax benefits and exemptions. Although such a tactic has always been officially justified as the protection of national interests, in practice this case can also cause the economic order to be derailed. In addition to granting benefits to businesses in taxes, there are also cases of extending the repayment periods of existing tax debtors from the budget and other mandatory payments. These cases are shown to taxpayers as government support in the transition to a market economy to avoid state-provided assistance or bankruptcy of enterprises, but the High, constant duplication of these cases leads to unlimited continuation of tax defaults on taxes.

- while the decrease in the level of income of the population, the decrease in the level of income of the population leads to a decrease in its level of consumption. After a decrease in the level of consumption, the demand for the product produced by the enterprise also decreases. Such a decrease in demand will force the enterprise to produce another product in order to maintain it, or reduce the cost of existing products by reducing its own income.

- as a result of the increase in the cost of resources affecting production, since the market setting of prices in the market economy is based on supply and demand, enterprises are obliged to buy products from resource markets at market price in order to produce products. As you know by nature, all resources have a limit. The fact that the increase in the cost of resources directly affects the cost of masulot creates difficulties for enterprises to operate.

Declining solvency would ultimately lead the enterprise into bankruptcy. First of all, we must remember that in order to reduce tax debt, it is important to find the reasons that lead to these situations and prevent it and avoid the disadvantage in this area. Enterprises engaged in the economy and earning illegal income,

citizens engaged in illegal entrepreneurship without registration in the prescribed manner, are showing their negative impact on the economy. Protecting taxpayers socially and politically, providing them with favorable conditions, state intervention in the economy, and concern for taxpayers. But this constant continuation is contrary to the requirements of the market economy.

Conclusions and suggestions.

Problems associated with the implementation of tax obligations in Uzbekistan affect the economic development of the country. The government will have to simplify the tax code to solve these problems, which will make compliance with the legislation more convenient. It is important to ensure a fair, transparent and effective tax system that interests both the government and the people of Uzbekistan, and to ensure economic prosperity and stability in the long run.

Reference /Литература/ Адабиётлар:

1. Davlat soliq qo'mitasi ma'lumotlari. www.soliq.uz.
2. Efeeloo, N., & Dick, N. (2018). An Empirical Review of the Determinants of Tax Evasion in Nigeria: Emphasis on the Informal Sector Operators in Port Harcourt Metropolis. *Journal of Accounting and Financial Management*, 4(3), 1-10. <https://d1wqtxts1xzle7.cloudfront.net/63209917>
3. Johnson Janet Berry (2022) Tax Liability: Definition, Calculation, and Example. The investopedia team. October 26, <https://www.investopedia.com/terms/t/taxliability.asp>
4. Josephson Amelia (2022) The Ultimate Guide to Tax Liability. November 16., <https://smartasset.com/taxes/tax-liability>
5. Maslet, D., Montmarquette, C., & Viennot-Briot, N. (2019). Can whistleblower programs reduce tax evasion? Experimental evidence. *Journal of Behavioral and Experimental Economics*, 83, 101459. <https://doi.org/10.1016/j.socec.2019.101459>

6. Owusu, G. M. Y., Bekoe, R. A., Anokye, F. K., & Anyetei, L. (2019). What Factors Influence the Intentions of Individuals to Engage in Tax Evasion? Evidence from Ghana. *International Journal of Public Administration*, 43(13), 1143–1155. <https://doi.org/10.1080/01900692.2019.1665686>
7. Ozili, P. K. (2020). Tax evasion and financial instability. *Journal of Financial Crime*, 27(2), 531–539. <https://doi.org/10.1108/jfc-04-2019-0051>
8. Richardson, G. (2016). The Determinants of Tax Evasion: A Cross-Country Study. *Financial Crimes: Psychological, Technological, and Ethical Issues*, 33–57. https://doi.org/10.1007/978-3-319-32419-7_2
9. Uyar, A., Nimer, K., Kuzey, C., Shahbaz, M., & Schneider, F. (2021). Can e-government initiatives alleviate tax evasion? The moderation effect of ICT. *Technological Forecasting and Social Change*, 166, 120597. <https://doi.org/10.1016/j.techfore.2021.120597>