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# Analysis of tax administration of large taxpayers in Uzbekistan for 2024

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**ABSTRACT**

This article analyzes the foreign experience of implementing the tax administration of large taxpayers, as a result of this analysis, issues of improving the tax legislation of the Republic of Uzbekistan, a proposal for further improvement of the tax administration of large taxpayers and recommendations are developed.

**Keywords:**

tax, budget policy, budget, tax administration, large taxpayers, foreign experience, tax potential, tax burden, tax rate, tax benefits.

**Introduction:** The experience of dividing taxpayers into categories according to their various characteristics, applying separate tax regimes to them, taking into account their socio-economic status, is improving significantly in countries around the world. If we look at the main essence of such approaches, on the one hand, it is aimed at simplifying the state's financial policy through the effective use of state financial instruments in the activities of taxpayers, and on the other hand, it is aimed at achieving the effectiveness of the policy aimed at the convenient and maximum formation of state budget revenues, which is the main fiscal issue of any state. This requires identifying enterprises that fall into the category of large taxpayers, developing issues of optimal management of their activities through taxes.

**Literature review**

Several scholars have conducted scientific research on improving the tax administration of large taxpayers, and this topic is being studied as a large-scale topical research area.

In particular, Australian scholars Z. Akhand and P. Grob [1,2] studied the achievements and shortcomings in the implementation of a system of control over the management of large taxpayers by special units in developing countries. M. Ahmed [3] presented the experience of Pakistan in the tax administration of large taxpayers in his study.

Among Russian scholars, A. Yunak [4] justified the need to establish the norms defining the concept of a large taxpayer, the criteria for classifying legal entities into a certain category of taxpayers, the specific features of tax control and accounting, in his studies. O. Sitnikova [5] identified shortcomings in the practice of taxation of consolidated taxpayers on the example of the Russian Federation.

S. Pepelyaev [6] studies assessed the legal and functional shortcomings in the activities of tax authorities. At the same time, studies on the tax administration of large taxpayers expanded, and researchers such as A. Karataev [7,8], G. Aitkhozina [9], M. Belugina [10] studied the

specific characteristics of large taxpayers from a scientific and practical perspective. L. Goncharenko [11] studied the problems of using transfer prices by large taxpayers, K. Novosyolov [12] and L. Koroleva [13] scientifically substantiated the importance of introducing a separate consolidated structure of taxpayers.

#### **Research methodology.**

This article uses comparative analysis and induction and deduction evaluation methods. Using the comparative method, data on tax incentives and their analysis were collected and scientific conclusions were drawn.

#### **Analysis and discussion of results.**

In order to increase the efficiency of the economy, it is important to ensure the competitiveness of the economy, expand its scale, and tax large taxpayers in the country.

Results of tax control measures for large taxpayers:

During the 12 months of 2024, in-house tax audits were conducted at 771 entities (327 in the same period last year for 2,724.5 billion soums), additional taxes of 3,386.4 billion soums were assessed. Also, in December, in-house tax audits were conducted at 101 entities (20 in the same period last year for 17.9 billion soums), additional taxes of 131.6 billion soums were assessed. During the 12 months of 2024, mobile tax audits were conducted at 119 entities (39 in the same period last year), as a result of which a difference (deficit, surplus) in goods and material assets of 2,304.6 billion soums was identified. As a result of on-site tax audits, 513.1 billion soums of taxes and financial penalties were assessed. In addition, in December, 8 entities were subject to on-site tax audits (3 in the same period last year), as a result of which a deficit of products worth 3.8 billion soums was identified. During the 12 months of 2024, 195 tax audits and criminal investigation activities were organized (217 in the same period last year, 1051.7 billion soums), 1004.5 billion soums of additional taxes were assessed. In particular, in December, 12 tax audits were organized (32 in the same period last year, 59.2 billion soums), 130.7 billion soums of additional taxes were assessed.

Results of tax control measures for very large taxpayers:

During 2024, in-house tax audits were conducted in 59 entities (in the same period of the previous year, 70 for 1,581.6 billion soums - the main part of which was the contribution of "UZTRANSGAZ" and "OKMK"), and requests for amendments to tax reports in the amount of 359.7 billion soums were sent. In particular, in December, in-house tax audits were conducted in 6 entities and requests for amendments to tax reports in the amount of 75.7 billion soums were sent. During the 12 months of 2024, mobile tax audits were conducted in 9 entities (7 in the same period of the previous year), as a result of which a deficit of products in the amount of 54.1 billion soums was identified. As a result of the mobile tax audits, 17.4 billion soums of taxes and financial penalties were assessed. In December of this year, no on-site tax audits were conducted on large taxpayers, and no cases of product shortages or surpluses were identified. During the 12 months of 2024, 59 tax audits were organized (71 for 621.8 billion soums in the same period last year), and 2,249.9 billion soums of additional tax were assessed. In addition, 8 tax audits were organized in December (9 for 32.2 billion soums in the same period last year), and 1,830.5 billion soums of additional tax were assessed.

A total of 1,822 applications were received for the refund of excess amounts of 19,641.6 billion soums resulting from the application of the zero-rate value-added tax and accounting for purchased goods (works, services) during January-September 2024, and conclusions were sent to the Ministry of Finance for the refund of excess amounts of 10,099.2 billion soums in 624 of them. In 1,198 cases, due to deficiencies identified, the applications were returned to the taxpayer for reconsideration. In particular, during the third quarter of 2024, a total of 218 applications were received for the return of excess amounts of 4,428.8 billion soums resulting from the application of the zero-rate rate and accounting for purchased goods (works, services), and conclusions were sent to the Ministry of Finance for the return of excess amounts of 2,706.9 billion soums in 94 of them.

In 124 cases, due to deficiencies identified, the applications were returned to the taxpayer for reconsideration. As a result of the analysis of value-added tax during January-September 2024, re-reports were received in 101 cases for 1,176.9 billion soums, and the funds were fully recovered.

In particular, as a result of the analysis conducted by the department's employees, in September 2024, clarified reports were received from JV "Industrial Energy Group" LLC for 52.6 billion soums (VAT), from "ANGREN PIPE PLANT" LLC for 2.1 billion soums, and from "UZGASTRADE" JSC for 33 billion soums (excise tax), and the collection of accrued taxes was ensured. A total of 2,019 applications were received for the return of excess amounts of 23,898.9 billion soums resulting from the application of a zero-level rate on value-added tax and accounting for purchased goods (works, services) in January-December 2024, and conclusions were sent to the Ministry of Finance for the return of excess amounts of 12,570.9 billion soums for 716 of them. In 1,299 cases, due to deficiencies, the applications were returned to the taxpayer for reconsideration. Including, during the IV quarter of 2024, a total of 197 applications were received for the return of excess amounts of 4,257.2 billion soums resulting from the application of the zero-level rate and accounting for purchased goods (works, services), and conclusions were sent to the Ministry of Finance for the return of excess amounts of 2,413.7 billion soums in 90 of them. In 103 cases, due to deficiencies, the applications were returned to the taxpayer for reconsideration. As a result of the analysis of value-added tax in January-December 2024, re-reports were received in 135 cases for 1,325.6 billion soums, and the funds were fully recovered. In particular, as a result of the analysis conducted by the department's employees, in December 2024, clarified reports were received from Temiryo'linfratuzilma LLC for 89 billion soums (including VAT), Temiryo'linfratuzilma JSC for 42.2 billion soums, and Enter Engineering pte.ltd mto DM for 39.6 billion soums (including VAT), ensuring the collection of accrued taxes.

In terms of providing services to large taxpayers, the criteria for determining legal entities falling into the category of large taxpayers were revised and registered with the Ministry of Justice on July 1, 2024 under No. 3172-3, and the composition of large taxpayers was re-approved by the orders of the State Tax Service Commission for a total of 957 (of which 60 are foreign legal entities operating on the basis of e-commerce and 56 are inactive (finally and bankruptly liquidated and merged into another enterprise)). 691 of these large taxpayers are provided with services on a curatorial basis by the Department of Large Taxpayers Services. The department was approved a total tax revenue plan of 13,966.1 billion soums by the end of 2024, and the implementation of 13,225.0 billion soums or 95% was ensured. In addition, in order to ensure the implementation of the forecast in January-December, relevant work was carried out by responsible personnel assigned to large taxpayers in cooperation with enterprises. In order to attract additional funds to the budget and expand the tax base paid by large taxpayers, the department regularly analyzed the tax reports of enterprises, and as a result of the analysis conducted during the fourth quarter of 2024, re-reports were received for 285.6 billion soums, and full recovery of funds was achieved. In particular, in October-December, based on the results of the preliminary analysis, notifications were sent to large taxpayers on the additional determination and elimination of taxes of 150.5 billion soums or the provision of supporting documents. At the same time, in the fourth quarter of this year, in cooperation with the relevant employees of the Tax Committee, the financial and profit tax reports of 53 large taxpayer enterprises with a state share were analyzed, and on the calculation and collection of dividends on the state share in the amount of 50 percent of their net profit by the end of 2023 and to the budget, notifications were sent to these enterprises on June 10. As a result of the work organized in this direction, the collection of 3,187,358 million soums to the budget has been ensured to date.

In order to solve problems arising in the activities of enterprises in tax matters, responsible curators attached to large taxpayers have opened groups on the Telegram social network, established a rapid exchange of necessary information, and taxpayers are being provided with prompt and high-quality service. Also, in October-December, questions and appeals from more than 310 enterprises regarding the issuance of a bill of lading were studied, and explanatory work was carried out on shortcomings.

In accordance with the Resolution of the President of the Republic of Uzbekistan No. PQ-4389 dated July 10, 2019 "On additional measures to improve tax administration" and the Order of the Tax Committee No. 302 dated September 25, 2024 "On the development and pilot implementation of the "Tax Administration" information system", from October 1, 2024, the practice of implementing the department's performance through the KPI assessment system was introduced. A total of 28 tax employees are assigned to this IT, and their activities are evaluated using a 100-point performance indicator determined by 26 criteria and are encouraged through this scoring system. The average performance indicator achieved by the department in the fourth quarter of 2024 through IT was 72 points (good), of which in October 71 points, 70 points in November, and 74 points in December. As a result of eliminating the identified shortcomings in IT criteria and administration, in October-December 2024, the department's employees directly contributed to the additional calculation of taxes to the budget in the amount of 2,929.7 billion soums (with voluntarily submitted re-reports).

A total of 150 enterprises (115 enterprises and 35 banks) are being administered under the administration of very large taxpayers. The department approved a tax revenue plan of 78,031.7 billion soums for April-December 2024, and revenues were fulfilled by 78,678.7 billion soums or 100.8%. In particular, in the second quarter of this year, a tax revenue plan of 16,010.7 billion soums (excluding VAT) was approved, and revenues amounted to 16,336.7

billion soums or 102.0%, and in the third quarter, a tax revenue plan of 23,360 billion soums was approved. In order to ensure the implementation of the established plan forecast, relevant work was carried out by responsible personnel assigned to enterprises together with enterprises, and revenues amounted to 24,756 billion soums or 105% by the end of the third quarter. In order to attract additional funds to the budget and expand the tax base paid by very large taxpayers, the department regularly analyzes the tax reports of enterprises, and as a result of the analysis conducted during April-December 2024, re-reports for 895 billion soums were received, and the funds were fully collected. In particular, in May, based on the results of the preliminary analysis, 42 taxpayers were additionally identified and notified of the elimination or submission of supporting documents of taxes in the amount of 1,255.0 billion soums. Accordingly, so far, 10 enterprises have submitted re-reports for 124.8 billion soums in accordance with the identified cases, 1 enterprise has submitted supporting documents for 536.1 billion soums, and since the identified cases of 303.0 billion soums were not fully substantiated, the inspection's letter No. 34/23-27584 dated May 16, 2024 was sent to the Tax Committee on the appointment of a tax audit in accordance with paragraph 5 of Article 140 of the Tax Code. Also, in June, based on the results of the preliminary analysis, 35 taxpayers were additionally identified and notified of the elimination of taxes in the amount of 519.6 billion soums or the provision of supporting documents.

For example, when analyzing the tax reports submitted by Hududgaztaminot JSC for the first quarter of 2023 and 2024, it was found that revenues were understated by 473.5 billion soums, while expenses were overstated by 441.9 billion soums, resulting in an additional profit tax of 137.8 billion soums. Also, the excise tax report submitted by the company for January-March 2024 indicated net revenues of 5,866.9 billion soums, and since the company's value-added tax reports indicated these revenues at 5,459.5 billion soums, an additional value-added tax of 48.9 billion soums was

calculated. In the above-identified situation, notification No. 34/23-30771 was sent to the company on May 31, 2024, ensuring the receipt of re-reports for 71.3 billion soums. At the same time, based on the results of the preliminary analysis in July of this year, re-reports for 256 billion soums were received and the funds were fully recovered. For example, based on the economic indicators and information on expected budget receipts submitted by the Navoiyuran State Enterprise for the first half of 2024, it was confirmed that revenues for this period amounted to 4,670 billion soums and expenses to 2,530 billion soums. However, the income tax report submitted for the second quarter of this year indicated expenses of 2,819 billion soums, and as a result of the confirmed overstatement of expenses in the tax report by 289 billion soums or 11%, the tax base decreased by 159 billion soums. The Inspection's notification No. 34/23-41854 dated July 23, 2024 was sent to clarify the decrease in income tax expected to be calculated by the enterprise. Based on this, the enterprise submitted a clarified income tax report, ensuring the calculation of an additional 104 billion soums to the budget. Also, the Inspection's notification No. 34/23-42348 dated July 25, 2024, was sent to OKMK JSC regarding the discrepancy of 100 billion soums identified in the profit tax report submitted for the first half of 2024. The discrepancies identified in the notification were eliminated, and the enterprise submitted a report clarified by 90 billion soums.

In cooperation with the relevant employees of the Tax Committee, the financial and profit tax reports of 62 very large taxpayer enterprises with a state share were analyzed, and notifications were sent to these enterprises on June 10 regarding the calculation of 50 percent of their net profit and the calculation of dividends on the state share as of the end of 2023 and their collection to the budget.

In accordance with the instructions of the First Deputy Chairman of the Tax Committee dated June 14 of this year, an online seminar was held in collaboration with the responsible employees of the committee on the issue of issuing a

consignment note for business entities. In particular, in June, questions and appeals from more than 100 enterprises on TTY were studied, and explanatory work was carried out on shortcomings. In order to solve problems arising in the activities of enterprises on tax issues, curators opened groups on the Telegram social network and established a rapid exchange of necessary information, and taxpayers are being provided with prompt and high-quality service.

During 2024, work was carried out in the following areas on monitoring foreign trade operations:

1. Based on information received from external sources, in the direction of identifying additional sources through the analysis of exports and imports, a total of 1593.9 billion soums was identified, including 509.9 billion soums in value-added tax for imported services (works, royalties); 1084.0 billion soums in additional sources of profit tax withheld at the source of payment by the tax agent from the income of non-residents.

2. The following work was carried out to eliminate overdue receivables:

Requests were sent to 463 business entities to ensure the elimination of debts of \$2,672.0 million within the framework of 2,125 contracts or to voluntarily pay the accrued fine of 5, 10 and 35 percent in the amount of 6,362.5 billion soums;

Overdue receivables of \$1,254.1 million arising within the framework of 524 contracts of 185 business entities were eliminated;

A total of 1,188.4 million soums in fines were voluntarily paid by 27 business entities;

Economic courts issued a decision to impose a fine of 364.2 billion soums on overdue receivables arising from foreign trade contracts of business entities.

In 2024, work was carried out in the following areas to monitor the activities of foreign enterprises providing services electronically:

The cost of electronic services provided by foreign enterprises providing electronic services in 2022-2023 and January-June 2024 and the submitted VAT report were compared and analyzed.

Based on the results of the analysis, a total of 174.2 billion soums of additional tax was calculated and notifications were sent to 21 companies.

Also, foreign companies operating in the republic without registering as VAT payers were analyzed, notifications were sent to 30 enterprises to register in the established manner, and 6 companies were registered as VAT payers during 2024.

In addition, negotiations were held with specialists from the Ministry of Finance of the Republic of Kazakhstan on the issues of taxation of foreign enterprises providing services in electronic form, and mutual experience was exchanged.

Proposals were sent to the Tax Committee on introducing amendments to the Tax Code and other legislative acts to regulate the activities of foreign enterprises providing electronic services.

Also, appeals were sent to the National Agency for Promising Projects and the Ministry of Digital Economy to organize a study of the completeness of tax payments and coverage of enterprises in this category and, based on the results, to introduce mechanisms that ensure effective control in this area.

Tax debt as of January 1, 2024 amounted to 985.3 billion soums, and as of January 1, 2025, it amounted to 1,259.1 billion soums, an increase of 273.8 billion soums compared to the beginning of the year. In particular, debts of 226.6 billion soums of "Hududgaztaminot" JSC, 225.3 billion soums of "Epsilon development company" LLC, and 145.2 billion soums of "Uztransgaz" JSC remained uncollected. In particular, during 2024, 29,099 requests for tax debt collection totaling 61,832.3 billion soums were sent to the personal accounts of enterprises with tax debt, as a result, 54,745.5 billion soums of tax debt were reduced from 26,663 requests. The tax debts that arose were collected by placing collection orders in 27,804 cases on the national and foreign currency bank accounts of the debtor enterprise in the amount of 2,424.9 billion soums. In accordance with Article 114 of the Tax Code, 1,170 seizure decisions were made on compulsory collection

from the property of 570 enterprises in the amount of 3,647.9 billion soums, 468 non-residential buildings and structures of debtor enterprises and 730 vehicles were seized, and as a result of the seizure, 2,350.6 billion soums of tax debt was collected. Also, 114,334 bans were imposed by the inspection on the property of debtor enterprises based on their decisions to impose a ban. During the current year, 2,603 decisions were sent to the Bureau of Compulsory Enforcement to collect tax debts from the property of persons with a tax liability in the amount of 3,442.9 billion soums, of which, as a result of effective work in cooperation with the MIB, tax debts of 2,865.0 billion soums were collected in 2,324 cases. In accordance with Article 120 of the Tax Code, a total of 123.0 billion soums were collected from the debtors of 8 enterprises. Also, based on the appeals of 9 enterprises, due to financial difficulties, they were given the opportunity to pay their tax debts in installments.

284 candidates were included in the list of candidates for the "SRM Inspector" module of the "Integrated Tax Risk Management" automated system for conducting in-house tax audits in January-December 2024 based on the results of the analysis of the activities of enterprises by the Risk and Transfer Pricing Analysis Department.

As a result of the analysis, it was determined that in 2023-2024, 42 enterprises imported goods at a value lower than the customs value. The difference amounts to 2.4 trillion soums. Analysis of electricity grid enterprises. The reasons for the loss-making activities of the enterprises of "National Electric Networks of Uzbekistan" JSC and "Regional Electric Networks" JSC and the decrease in tax revenues were studied. The activities of 82 large taxpayer enterprises engaged in the wholesale trade of pharmaceutical products were analyzed. Property tax analysis. When studying the calculation of property tax for completed objects (apartments), the following were identified:

-305 objects (belonging to 11 enterprises) for which property tax should be calculated, worth 28 billion soums. As a result, the risk of 421

million soums of property tax remaining uncalculated was identified. Industrial Energy Group. The activities of the Industrial Energy Group, "ERIELL" and "ENTER ENGINEERING" permanent establishments were analyzed. As a result of underreporting the sale of processed products from extracted raw materials, it was determined that the tax for the use of subsoil in the amount of 453.9 billion soums (176.2-2022, 277.7 billion soums-2023) was underpaid to the budget. Fergana Oil Refinery. In 2023, the profit from processing 1 ton of raw materials amounted to 240 thousand soums, while in the 5-month period of 2024, as a result of overstating the costs compared to reality, the profit from processing 1 ton of raw materials decreased to 50 thousand soums, reducing the actual profit by 233 billion soums, and the profit tax was calculated less by 35 billion soums. Permanent establishments of "ERIELL" and "ENTER ENGINEERING". As a result of the sale of imported goods to related enterprises at a price lower than the market value (invoice value), it is shown that 58,020.0 million soums of VAT in "ERIELL" and 175,066.7 million soums in "ENTER ENGINEERING" remain unaccounted for in the budget. Information on the work done was presented to the management. Analysis of the activities of "REVO CHARGE CA" LLC. The enterprise re-exported goods at transfer prices to OOO "Revo Charge Rus" (Russia), which is considered the founder of the enterprise, at its own cost, without applying a mark-up.

#### **Conclusions and recommendations.**

The audit of large taxpayers plays a crucial role in ensuring tax compliance, revenue collection, and a fair and transparent tax system. Given the importance of large taxpayers in contributing to overall tax revenue, it is necessary to continuously improve and strengthen audit processes to ensure effective enforcement and minimize tax evasion. This proposal sets out key measures to strengthen the audit of large taxpayers.

Implement a risk-based approach to focus audit efforts on high-risk areas and potential non-compliance. This involves the use of data analytics, advanced technologies, and comprehensive risk assessment models to

identify areas where tax evasion or non-compliance is likely to occur. Such an approach will allow tax authorities to allocate audit resources effectively and efficiently.

Promote seamless information exchange and cooperation between tax authorities and other relevant government agencies, such as financial institutions, customs authorities and business registries. This information exchange provides a holistic view of taxpayers' financial activities, transactions and assets, providing valuable insights for risk assessment and targeted audits. Strengthen cooperation and information exchange with international tax authorities to combat tax evasion and aggressive tax planning by large multinational corporations. The exchange of tax-related information, including transfer pricing documents, helps to identify potential tax avoidance schemes and ensure fair taxation across borders.

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