



Economic characteristics of very large taxpayers and the content and duties of the tax administration related to them

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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 practice of categorizing taxpayers based on various characteristics—and applying tax administration regimes tailored to those characteristics, taking into account their socio-economic significance—is becoming increasingly sophisticated worldwide. At the core of such approaches lies a dual objective: on one hand, streamlining state fiscal policy through the effective use of financial instruments in relation to taxpayer activities; on the other, maximizing state budget revenues—a primary fiscal priority for any nation—in an efficient manner. This necessitates the identification of enterprises classified as large taxpayers and the development of methods for the optimal management of their activities through taxation.

Literature Review

Numerous scholars have conducted research on improving tax administration for large taxpayers, and this topic continues to be a significant area of study.

For instance, Australian scholars Z. Akhand and P. Grob [1, 2] examined the achievements and shortcomings associated with implementing systems where specialized units manage large

taxpayers in developing countries. M. Ahmed [3] presented Pakistan's experience regarding tax administration for large taxpayers.

Among Russian scholars, A. Yunak [4] argued for the necessity of legally defining the concept of a "large taxpayer," establishing criteria for classifying legal entities into this category, and outlining the specific features of tax control and accounting applicable to them. O. Sitnikova [5] identified shortcomings in the practice of taxing consolidated taxpayer groups, using the Russian Federation as a case study.

S. Pepelyaev [6] evaluated the legal and functional deficiencies in the operations of tax authorities. At the same time, research into the tax administration of large taxpayers has expanded; scholars such as A. Karataev [7, 8], G. Aytkhozhina [9], and M. Belugina [10] have scientifically and practically examined the specific characteristics of large taxpayers. L. Goncharenko [11] investigated issues related to the use of transfer pricing by large taxpayers, while K. Novosyolov [12] and L. Koroleva [13] provided a scientific rationale for the importance of introducing a consolidated structure for such taxpayers.

Research Methodology.

This article employs comparative analysis, as well as inductive and deductive assessment methods. Through the use of the comparative method, data regarding tax incentives were analyzed, and scientific conclusions were drawn.

Analysis and discussion of results.

The growth of production and capital in the economy, the expansion of corporate relations, and the complexity of economic operations are creating new requirements for tax administration. The activities of very large taxpayers simultaneously affect budget revenues, investment processes, employment, and inter-sectoral economic relations. Changes in the fulfillment of their tax obligations are not limited to the financial results of a particular enterprise, but can also be reflected in the stability of budget revenues. Organizing tax administration for these entities in accordance with their economic scale, organizational structure, and characteristics of their activities is of great scientific and practical importance. "The International Monetary Fund's study also considered specialization in working with large taxpayers as a way to improve the fulfillment of tax obligations and increase administrative efficiency"¹.

The study of the theoretical foundations of tax administration in relation to very large taxpayers requires revealing the relationship between the criteria for distinguishing these entities, their economic interests and the fiscal goals of the state. In this case, in addition to the turnover of the enterprise or the amount of taxes paid, the volume of assets, its position in the corporate group, the complexity of operations and the impact on sectors of the economy should also be the object of analysis. The organizational and legal foundations are manifested in the clear definition of the powers of tax authorities, the coordination of the activities of specialized departments, the guarantee of taxpayers' rights and the justification of administrative decisions. The joint study of these aspects allows us to more

fully shed light on the economic content of administrative approaches applied to very large taxpayers.

The study identifies the economic characteristics of large taxpayers, systematizes the substance and objectives of tax administration concerning them, and substantiates the principles of its organization. It treats the safeguarding of budgetary interests, the creation of legal certainty for business activities, and the encouragement of voluntary tax compliance as interconnected objectives. This approach serves as a foundation for formulating a theoretical model of specialized tax administration and defining directions for its improvement.

The economic characteristics of very large taxpayers are manifested in their financial resources, scale of production, market position, and the breadth of their business relationships. Such entities may feature multi-tiered management structures, geographically dispersed units, transactions with related parties, and long-term investment projects. Consequently, the processes of determining the tax base, allocating costs, recognizing revenue, and calculating tax liabilities become complex. In this context, it is appropriate to analyze the concept of a "super-large taxpayer" based on the interplay of economic scale, fiscal significance, and operational complexity.

Tax administration regarding super-large taxpayers encompasses processes such as determining tax liabilities, monitoring their fulfillment, analyzing information, and applying measures proportionate to tax risks. According to the author's approach, this administration can be interpreted as a system for organizing tax-related relations between the state and the enterprise that is legally clear, informationally transparent, and economically efficient. In this process, the analytical capabilities of the tax authority are evaluated in conjunction with the enterprise's accounting and internal control systems. The Organisation for Economic Co-operation and Development's (OECD) model of cooperative tax compliance also focuses on

¹ Баер, К. (рахбарлигидаги муаллифлар жамоаси). Improving Large Taxpayers' Compliance: A Review of

Country Experience. — Washington, D.C.: International Monetary Fund, 2002. — IMF Occasional Paper No. 215. — DOI: 10.5089/9781589061187.084.

fostering relationships between large businesses and tax authorities based on openness, information exchange, and mutual trust”².

The main tasks of this administration are to ensure the completeness of the tax base, assess the reliability of reports, identify tax risks early, prevent debt, and provide practical assistance to taxpayers in properly fulfilling their obligations. In order to implement them, it is necessary to study the industry characteristics, cash flows, contractual relationships, and corporate governance procedures of the enterprise. The presence and effective functioning of internal tax controls at the enterprise is also of particular importance. “The OECD study describes the internal tax control system as a mechanism that serves to ensure the accuracy and completeness of reports and disclosed information”³.

The principles of legality, legal certainty, impartiality, proportionality, information confidentiality and professional specialization should play a key role in organizing tax administration for very large taxpayers. Legality represents the legal basis for administrative decisions, legal certainty the ability to understand tax obligations in advance, and proportionality the correspondence of control measures to the identified level of risk. Information confidentiality serves to protect the commercial interests of the enterprise, and professional specialization provides a qualified assessment of complex operations. The mutual compatibility of these principles creates an opportunity to jointly assess the stability of budget revenues, the reasonableness of administrative expenses and the protection of taxpayers' rights. The economic justification of the criteria for classifying large taxpayers is of great importance in improving tax administration for them. From this point of view, the scientific proposals put forward in the study are aimed at jointly assessing the participation of enterprises in the formation of budget revenues, the scale of employment and

the characteristics of their activities. According to the presented implementation data, these proposals were reflected in the Decree of the President of the Republic of Uzbekistan No. PF-95 dated May 19, 2026. They provide for the improvement of the procedure for inclusion in the category of large taxpayers from July 1, 2026, and the recognition of enterprises and commercial banks whose taxes, fees, state duties and non-tax payments paid to the State Budget during the last twelve consecutive months, as of July 1 of the year preceding 2027, exceed 500 thousand times the base calculation amount as very large taxpayers. The implementation of tax administration for this category in the manner established for large taxpayers ensures the consistency of specialized management. The simultaneous application of the conditions that the amount of payments to the budget should not be less than 240 thousand times the amount of the base calculation, and the number of permanent employees should not be less than one hundred people serves to evaluate the fiscal importance and socio-economic position of the enterprise in a mutually dependent manner.

The criteria for classification based on sectoral and corporate relations constitute another important direction in determining the scope of tax administration. The approaches to tobacco manufacturers, legal entities providing mobile communication services, Uzkimyosanoat JSC, Uzbek Metallurgical Combine JSC, Uzavtosanoat JSC and their affiliated organizations, as well as exceptions for gas stations, electric vehicle charging stations and legal entities that have been operating for no more than two years, are aimed at taking into account the operating conditions of enterprises. The inclusion in the appropriate category of legal entities newly established by large taxpayers with a share of at least 20 percent in the authorized capital and with which they have issued mutual invoices allows for a joint analysis of corporate participation and economic operations. In this case, the establishment of exceptions for non-

² OECD. Co-operative Compliance: A Framework: From Enhanced Relationship to Co-operative Compliance. — Paris: OECD Publishing, 2013. — DOI: 10.1787/9789264200852-en.

³ OECD. Co-operative Tax Compliance: Building Better Tax Control Frameworks. — Paris: OECD Publishing, 2016. — DOI: 10.1787/9789264253384-en.

governmental non-profit organizations and enterprises that pay taxes on turnover aligns the administrative scope with the legal status and tax regime of the entities. These scientific approaches serve to reveal the economic characteristics of large and very large taxpayers, systematize administrative functions, and substantiate the principles of specialization, proportionality, and legal certainty. The activities of very large taxpayers are characterized by a large volume of assets, high production capacity, extensive corporate ties, and the interdependence of many types of tax obligations. Limiting their economic condition to the amount of revenue or taxes paid does not reveal the full picture of the activities of the enterprise. The duration of investment projects, the characteristics of production processes, relations between territorial divisions, and operations in domestic and foreign markets have different effects on the formation of the tax base. There is a need to organize tax administration for these entities based on their complex economic profile.

The corporate structure direction involves the study of transactions between subsidiaries, territorial divisions and related parties as a single system of economic relations. The indicator reflected in the reporting of a separate enterprise may be related to the movement of goods within the corporate group, the distribution of services or financial settlements. When assessing the content of transactions, attention should be paid to the terms of the contract, price formation, the basis for the allocation of costs and the consistency of calculations. Such an analysis makes it possible to identify economic dependencies within the group, while maintaining the independent tax liability of each legal entity. As a result, an information base is formed to identify the true causes of discrepancies in the reports and reasonably determine the areas of control. The fiscal significance block indicates that the accumulation of tax revenues at individual enterprises requires monitoring the stability of budget revenues. Changes in the volume of production, sales market or solvency of the enterprise can affect the dynamics of its tax payments. When assessing such changes, it is

necessary to distinguish between economic difficulties and the risk of non-fulfillment of tax obligations. The combination of the three areas in the figure in an individual administrative profile serves to adapt service and control measures to the identified situations. It is advisable to develop explanatory and consulting work with enterprises with reliable reporting and effective internal control, and in entities with substantiated risk indicators, to strengthen the analysis focused on specific transactions.

Tax administration for very large taxpayers includes the processes of collecting information on economic transactions, identifying tax obligations, assisting in their fulfillment, and assessing potential risks. The large number of settlements in these entities, the territorial dispersion of divisions, and the complexity of financial relations require coordination of administrative functions. When the completeness of information, the quality of service, and the validity of analytical control are jointly ensured, the necessary organizational conditions are formed for the correct calculation and timely fulfillment of tax obligations.

The dimension of information and professional quality integrates data confidentiality, reliability, industry-specific expertise, and staff qualifications into a unified analytical process. Secure data exchange ensures that information is used for its intended purposes, while deep industry knowledge facilitates the accurate interpretation of the economic substance of operations. Data errors and the timeframes for completing analyses serve as complementary criteria for evaluating the quality of this process; in other words, speed must be balanced with reliable conclusions. By also considering the quality of the enterprise's internal tax control, the results of external analysis can be linked to its capacity for record-keeping and error rectification. Synthesizing assessments across these three areas provides a foundation for identifying weaknesses in administration, improving decision-making quality, and fostering voluntary compliance with tax obligations.

When examining tax administration regarding major taxpayers, it is crucial to analyze the volume, growth rates, and structural changes of state budget revenues. These macro-indicators characterize the fiscal environment in which enterprises operate and help define priority areas for analyzing the tax base. While profit tax is linked to the financial results of enterprises, resource payments and property tax reflect the fiscal expression of the use of assets and natural resources. Examining these revenue streams in conjunction creates an analytical basis for a comprehensive assessment of the revenues, expenses, and asset-based capacity of large enterprises.

The economic characteristics of very large taxpayers are manifested in the large volume of capital and assets, the complexity of production and financial operations, the breadth of inter-sectoral relations, and their significant impact on budget revenues. These characteristics require the organization of tax administration for them, taking into account the business model of the enterprise, industry conditions, and tax risks. In this case, the content of tax administration is expressed in ensuring the correct fulfillment of tax obligations, increasing the transparency of economic operations, and forming a stable partnership between the state and business. Its main tasks are to fully determine the tax base, forecast revenues, early assess risks, prevent violations, and facilitate voluntary fulfillment of obligations. Such an approach, based on the principles of legality, fairness, accuracy, proportionality, information confidentiality, and mutual trust, serves to rationally use control resources, reduce administrative costs of enterprises, and strengthen the stability of budget revenues.

Conclusions and recommendations.

to improve the coverage of specialized tax administration by including taxpayers in the category of large taxpayers based on criteria that take into account their importance in the formation of budget revenues, industry characteristics and corporate connections;
to classify enterprises and commercial banks whose tax and other prescribed payments to the budget in the last twelve consecutive months as of July 1 of the previous year as very large

taxpayers from January 1, 2027 and organize their administration in the manner established for large taxpayers;

improve the categorization by sector by including tobacco manufacturers, legal entities providing mobile communication services, Uzkiymosanoat JSC, Uzbek Metallurgical Combine JSC, Uzavtosanoat JSC and organizations established by them in the composition of large taxpayers, regardless of the volume of payments, and when applying the criterion for the energy and resources sector, excluding gas stations, electric vehicle charging stations, and legal entities with less than two years of activity;

use a combination of financial contribution and employment indicators to include legal entities with taxes and other established payments paid to the budget of at least 240 thousand times the minimum wage and with at least 100 permanent employees in the composition of large taxpayers, taking into account the established sectoral exceptions;

It would be advisable to coordinate the tax administration of corporately affiliated entities by including new legal entities established by large taxpayers with a stake of at least 20 percent in the composition of large taxpayers on the condition of issuing mutual invoices, while excluding non-governmental non-profit organizations and taxpayers with turnover.

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