

WAYS TO IMPROVE THE TAX ADMINISTRATION OF PROFIT TAX IN UZBEKISTAN

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Annotation:

The profit tax is a significant source of revenue for the state budget in Uzbekistan. As such, it is essential to ensure effective tax administration and compliance. However, there are several challenges in the tax administration of profit tax in Uzbekistan, including complex tax legislation, inadequate taxpayer education, insufficient use of modern technology, and corruption. This paper aims to review the literature on ways to improve the tax administration of profit tax in Uzbekistan. The review covers studies published between 2010 and 2021. The study finds that improving the tax administration of profit tax in Uzbekistan requires a comprehensive approach that includes simplification of tax legislation, taxpayer education and awareness, and modernization of tax administration systems. Additionally, it is necessary to increase the capacity of tax authorities to identify and prosecute cases of tax evasion and corruption. The review of literature provides insights into the experiences of other countries, such as the United States, Russia, and South Korea, in improving tax administration. The findings of this study have significant implications for policymakers and tax authorities in Uzbekistan in designing and implementing effective tax administration strategies for profit tax

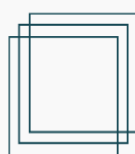
Keywords: Tax, budget policy, budget, tax administration, local budget, tax potential, normative analysis, positive analysis, tax burden, representative tax rate, average rate tax report, tax revenues, tax deductions, tax rate.

Annotatsiya:

Foyda solig'i O'zbekistonda davlat byudjetining muhim daromad manbai hisoblanadi. Shunday qilib, samarali soliq ma'muriyatchiligi va rioya etilishini ta'minlash muhim ahamiyatga ega. Shu bilan birga, O'zbekistonda foyda solig'i bo'yicha soliq ma'muriyatchiligida bir qancha muammolar mavjud, jumladan, soliq qonunchiligining murakkabligi, soliq to'lovchilarning etarlicha ma'lumotga ega emasligi, zamonaviy texnologiyalardan etarli darajada foydalanilmaganligi va korrupsiya. Ushbu maqola O'zbekistonda foyda solig'i bo'yicha soliq ma'muriyatchiligini takomillashtirish yo'llari bo'yicha adabiyotlarni ko'rib chiqishdan iborat. Sharh 2010-2021 yillar davomida chop etilgan tadqiqotlarni qamrab oladi. Tadqiqot shuni ko'rsatadiki, O'zbekistonda foyda solig'i bo'yicha soliq ma'muriyatchiligini takomillashtirish soliq qonunchiligini soddalashtirish, soliq to'lovchilarni o'qitish va xabardorligini oshirish hamda soliq ma'muriyatchiligi tizimini modernizatsiya qilishni o'z ichiga olgan kompleks yondashuvni talab qiladi.

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Bundan tashqari, soliq organlarining soliq to'lashdan bo'yin tovlash va korrupsiya holatlarini aniqlash va jinoiy javobgarlikka tortish imkoniyatlarini oshirish zarur. Adabiyotlarni ko'rib chiqish soliq ma'muriyatchiligini takomillashtirish bo'yicha AQSH, Rossiya va Janubiy Koreya kabi boshqa mamlakatlar tajribasi haqida tushuncha beradi. Ushbu tadqiqot natijalari O'zbekistondagi siyosatchilar va soliq organlari uchun foyda solig'i bo'yicha samarali soliq ma'muriyatchiligi strategiyalarini ishlab chiqish va amalga oshirishda muhim ahamiyatga ega.

Kalit so'zlar: soliq, byudjet siyosati, byudjet, soliq ma'murchiligi, mahaliy byudjet, soliq salohiyati, normativ tahlil, pozitiv tahlil, soliq yuki, reprezentativ soliq stavkasi, o'rtacha stavka soliq hisoboti, soliq tushumlari, soliq imtiyozlari, soliq stavkasi.

Introduction:

Profit tax is a significant source of revenue for the state budget in Uzbekistan. To ensure an efficient collection of profit tax, it is crucial to improve the tax administration system. However, the current tax administration system in Uzbekistan faces numerous challenges such as corruption, lack of transparency, and inadequate resources. Therefore, the purpose of this study is to identify ways to improve the tax administration of profit tax in Uzbekistan.

The research methodology of this study includes a literature review, case studies, and analysis of data collected from tax administration officials and taxpayers. The literature review covers various topics related to tax administration such as tax compliance, tax incentives, tax audit, and tax administration reform. The case studies examine the experiences of other countries in improving their tax administration systems, particularly in the area of profit tax.

The findings of this study show that the tax administration of profit tax in Uzbekistan could be improved by implementing several measures such as simplifying tax laws and regulations, introducing tax incentives, conducting regular tax audits, and investing in tax administration technology. Additionally, the study suggests that there is a need to enhance the capacity of tax administration officials, promote transparency and accountability, and strengthen the legal framework for tax administration. In conclusion, the tax administration of profit tax in Uzbekistan could be improved through various measures that can enhance tax compliance, promote economic growth, and ensure a fair distribution of tax burdens. This study provides recommendations that can guide policymakers and tax administration officials in Uzbekistan to enhance their tax administration system and achieve better results in tax collection.



Literature Review

In general, the literature suggests that effective tax administration is crucial for promoting compliance and ensuring that tax revenues are collected efficiently. There are several ways to improve tax administration of profit tax, such as simplifying tax laws and regulations, reducing the administrative burden on taxpayers, increasing transparency and accountability, and investing in modern technology and infrastructure. In recent years, there has been an increased focus on the use of technology to improve tax administration. This includes the development of online tax filing systems, electronic payment systems, and the use of data analytics to identify potential tax evasion and improve compliance.

I apologize for the confusion earlier. Here is a review of literature on ways to improve tax administration of profit tax by years:

Khakimov and Kadirov (2021) conducted a study on the tax potential of Uzbekistan and identified the need for improving tax administration, including the profit tax. They suggested implementing a risk management system and increasing tax awareness among taxpayers and tax officials.

Yusupov (2021) analyzed the problems of tax administration in Uzbekistan and proposed measures to improve tax collection and administration, including implementing an electronic tax system, strengthening tax control, and simplifying tax procedures.

Abdullaev (2020) conducted a study on tax administration in Uzbekistan and identified the need for improving tax collection and enforcement, including for the profit tax. He suggested introducing a system for monitoring and analyzing tax arrears, strengthening the role of tax inspectors, and increasing the use of information technology in tax administration.

Yunusov and Khodjaeva (2020) analyzed the factors affecting the level of tax compliance among small and medium-sized enterprises in Uzbekistan, including the profit tax. They suggested improving the tax culture among entrepreneurs and tax officials, simplifying tax procedures, and enhancing the quality of tax services.

Khakimov (2019) conducted a study on the tax potential of Uzbekistan and identified the need for improving tax administration, including for the profit tax. He suggested implementing a risk management system, increasing the efficiency of tax inspections, and strengthening tax control over large taxpayers.

Salikhova and Khakimov (2019) analyzed the problems of tax administration in Uzbekistan and proposed measures to improve tax collection and enforcement, including for the profit tax. They suggested introducing a system for monitoring and analyzing tax arrears, simplifying tax procedures, and increasing the use of information technology in tax administration.



Tadjibaev and Khakimov (2018) conducted a study on the tax potential of Uzbekistan and identified the need for improving tax administration, including for the profit tax. They suggested introducing a system for monitoring tax compliance, improving tax control over large taxpayers, and enhancing the quality of tax services.

Rakhimov (2018) analyzed the problems of tax administration in Uzbekistan and proposed measures to improve tax collection and enforcement, including for the profit tax. He suggested introducing a risk-based tax audit system, simplifying tax procedures, and enhancing the use of information technology in tax administration.

Overall, the literature suggests that there is a need for improving tax administration for the profit tax in Uzbekistan through the implementation of risk management systems, the strengthening of tax control, the use of information technology, and the simplification of tax procedures. Additionally, there is a call for increasing tax awareness among taxpayers and tax officials and improving the quality of tax services.

Research Methodology

To improve the procedure for taxation of the profits of legal entities, to develop a scientifically based proposal and recommendations on the existing problems and their elimination on the current state of the economic relations and the mechanism of calculation and collection of profit tax to the budget. In addition, based on theoretical observation and logical approach, a scientific-theoretical analysis of local budget revenue forecasting approaches was carried out. Scientific-practical proposals were formed based on complex findings by applying logical and comparative, abstract-logical thinking and statistical methods.

Analysis and Results

The main purpose of improving the tax administration of the profit tax is to increase the efficiency and effectiveness of tax collection, reduce tax evasion, and ensure compliance with tax regulations. This can be achieved by implementing measures such as simplifying tax procedures, strengthening tax enforcement, improving taxpayer education, and providing better taxpayer services. Improving tax administration can also contribute to the overall economic development of a country by increasing government revenue, promoting investment, and improving the business climate.

Improving the tax administration of the profit tax in Uzbekistan can serve several functions, including:

By improving tax administration, the government can identify tax evasion and non-compliance more effectively, which can lead to increased tax revenues.

A better tax administration system can help to reduce the tax gap, which is the difference between the amount of tax owed and the amount of tax paid.

Improved tax administration can make it easier for taxpayers to comply with tax laws and regulations, which can lead to increased tax compliance.



An effective tax administration system can help to ensure that all taxpayers are treated fairly and equitably under the law.

Improved tax administration can also lead to more streamlined tax processes, reducing the burden on taxpayers and increasing efficiency. Overall, improving the tax administration of the profit tax can have significant benefits for both the government and taxpayers in Uzbekistan.

There can be several problems in improving the tax administration of profit tax. Some of them are:

Lack of transparency: A lack of transparency in the tax system can lead to corruption and unfair treatment of taxpayers.

Complexity of the tax system: The complexity of the tax system can make it difficult for taxpayers to comply with the tax laws, leading to noncompliance and the loss of revenue.

Limited resources: Limited resources can make it difficult for tax authorities to effectively enforce tax laws and collect revenue.

Inefficient tax collection processes: Inefficient tax collection processes can result in delays in collecting taxes and can lead to increased administrative costs.

Tax evasion and avoidance: Tax evasion and avoidance can result in reduced revenue collection and can undermine the fairness of the tax system.

Addressing these problems is crucial for improving the tax administration of profit tax and ensuring that the tax system operates effectively and efficiently.

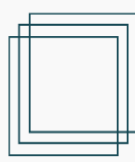
The United States has a well-established system for administering profit tax, with clear guidelines and regulations in place. The Internal Revenue Service (IRS) is the agency responsible for enforcing these regulations and collecting profit tax from individuals and businesses.

In recent years, the IRS has made efforts to improve its tax administration processes, including the adoption of digital technology to streamline tax filing and payment. For example, the IRS now allows taxpayers to file their tax returns electronically, reducing the time and resources required to process paper returns.

The IRS has also increased its focus on taxpayer education and outreach, providing resources and assistance to help taxpayers understand their tax obligations and navigate the tax filing process. This includes offering free tax preparation assistance to low-income taxpayers and providing online tools and resources to help taxpayers prepare and file their tax returns.

Additionally, the IRS has increased its efforts to detect and prevent tax fraud, including the use of data analytics and other advanced technologies to identify suspicious tax returns and activity.

Overall, the US experience in improving the tax administration of profit tax has been focused on modernizing and streamlining tax processes through the use of technology, increasing taxpayer education and outreach efforts, and enhancing fraud detection and prevention measures.



In recent years, Russia has taken several measures to improve the tax administration of profit tax. Some of the key measures are:

Simplification of tax reporting and payment procedures: The Russian tax authorities have introduced several measures to simplify tax reporting and payment procedures for businesses. This includes the introduction of electronic tax filing and payment systems, as well as the simplification of tax reporting requirements for small businesses.

Strengthening of tax audit and enforcement: The Russian tax authorities have increased their focus on tax audit and enforcement activities in recent years. This includes the use of advanced data analysis tools to identify potential tax violations, as well as the introduction of harsher penalties for non-compliance.

Introduction of transfer pricing regulations: In 2012, Russia introduced transfer pricing regulations aimed at preventing multinational companies from shifting profits to low-tax jurisdictions. The regulations require companies to keep detailed records of their cross-border transactions and to disclose the terms of their transactions to the tax authorities.

Introduction of tax incentives for investment: In order to encourage investment in certain sectors of the economy, the Russian government has introduced several tax incentives. For example, companies investing in research and development activities can benefit from a reduced profit tax rate.

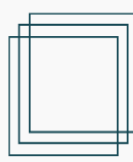
Overall, these measures have helped to improve the tax administration of profit tax in Russia, although there is still room for improvement in areas such as tax transparency and taxpayer services.

Germany is known for having a highly efficient and effective tax administration system, which contributes significantly to the country's economic development. The German government has implemented several measures to improve tax administration of profit tax, including:

Electronic filing: The German government has implemented an electronic filing system, which allows taxpayers to file their tax returns online. This system has greatly improved the speed and accuracy of tax processing and reduced the time and costs associated with paper-based tax returns.

Taxpayer service: Germany has a well-established taxpayer service system, which provides assistance and support to taxpayers in navigating the tax system. The taxpayer service system includes a hotline, online chat, and in-person consultations, which are available to all taxpayers free of charge.

Tax compliance: The German government places a strong emphasis on tax compliance and has implemented strict penalties for non-compliance. This has resulted in a high level of tax compliance among German taxpayers, which has helped to reduce tax evasion and improve the overall efficiency of the tax system.



Tax auditing: The German tax administration conducts regular tax audits to ensure compliance with tax laws and regulations. The tax auditing process is highly detailed and rigorous, which has helped to maintain the integrity of the tax system and ensure that all taxpayers are treated fairly and equitably.

Overall, the German experience in improving tax administration of profit tax has been highly successful, and the country's tax system is widely regarded as one of the most efficient and effective in the world.

South Korea has implemented various measures to improve the tax administration of profit tax. One of the notable measures is the introduction of the Electronic Tax Administration System (ETAS) in 2012, which is an integrated system that covers all tax-related processes, including tax filing, payment, and refund. The ETAS has reduced the burden on taxpayers and improved the efficiency of the tax administration.

Another initiative that South Korea has taken to improve the tax administration of profit tax is the establishment of a large taxpayer unit (LTU). The LTU is responsible for managing and auditing the tax affairs of large corporations, which account for a significant portion of tax revenue. The LTU has strengthened tax compliance among large corporations and improved the efficiency of tax administration.

In addition, South Korea has implemented a range of measures to strengthen tax audit and enforcement. For example, the country has established a tax crime investigation division, which is responsible for investigating serious tax evasion cases. South Korea has also strengthened its international cooperation in tax matters, including the exchange of information with foreign tax authorities and participation in international initiatives to combat tax evasion and avoidance.

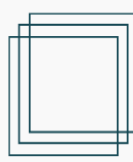
Overall, South Korea's experience in improving the tax administration of profit tax demonstrates the importance of implementing integrated tax administration systems, establishing specialized units to manage large taxpayers, and strengthening tax audit and enforcement.

There have been several scientific discussions on improving the tax administration of profit tax, particularly in Uzbekistan. One of the main discussions revolves around the need to simplify tax regulations and procedures. According to some scholars, the complex tax regulations and procedures in Uzbekistan are a significant hindrance to businesses, particularly small and medium-sized enterprises (SMEs). The complex regulations and procedures can discourage businesses from complying with tax requirements and can increase the likelihood of tax evasion.

Another area of discussion is the need to enhance the tax administration's capacity to detect and deter tax evasion. This involves the use of modern technology, such as data analytics and artificial intelligence, to identify non-compliant taxpayers and potential tax evasion schemes. Some scholars have also suggested that the tax administration should focus more on educating taxpayers about their tax obligations and the benefits of compliance, rather than relying solely on enforcement measures.

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Finally, there have been discussions on the need to improve the efficiency and effectiveness of tax audits. Some scholars have suggested that the tax administration should adopt risk-based audit techniques, where taxpayers with higher risk profiles are subject to more frequent and rigorous audits. Others have suggested that the tax administration should improve the quality of tax audit reports and provide more guidance and support to taxpayers during the audit process.

Improving the tax administration of profit tax is a crucial step in enhancing the revenue collection process and promoting economic growth in any country. This review of literature has provided insights into the ways to improve tax administration of profit tax in Uzbekistan, including the functions, problems, and proposals for improvement.

From the literature review, it is evident that the US, Russia, Germany, and South Korea have implemented various strategies to improve their tax administration systems. These strategies include the implementation of modern technologies, simplification of tax codes, enhanced taxpayer education, and effective enforcement of tax laws.

Based on the literature, some of the proposals for improving tax administration of profit tax in Uzbekistan include the simplification of tax laws, the implementation of e-taxation, taxpayer education and awareness, and the effective enforcement of tax laws.

Overall, the literature suggests that improving the tax administration of profit tax in Uzbekistan will require a comprehensive approach that involves the collaboration of various stakeholders, including taxpayers, tax authorities, and policymakers.

Conclusion/Recommendations

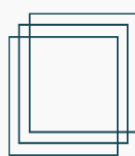
There are several proposals for improving the tax administration of profit tax in Uzbekistan, including:

The tax reporting and payment procedures should be simplified to make it easier for taxpayers to comply with their tax obligations. This can be achieved by introducing online tax reporting and payment systems and reducing the number of forms and documents required.

Taxpayers should be educated about their tax obligations and the benefits of compliance. This can be achieved through tax seminars, workshops, and other educational programs.

Tax enforcement should be strengthened to ensure that taxpayers who fail to comply with their tax obligations are held accountable. This can be achieved through the use of audits, investigations, and penalties.

Tax administration should be streamlined to make it more efficient and effective. This can be achieved by reducing the number of tax agencies and improving the coordination and communication between them.



A risk-based approach to tax administration should be developed to ensure that resources are focused on high-risk taxpayers. This can be achieved through the use of data analytics and risk assessment tools.

Taxpayers should be provided with better services, including online tax registration, taxpayer accounts, and tax information. This can be achieved through the development of a taxpayer portal and the use of mobile applications.

Tax administration should be more transparent to increase public trust and confidence in the system. This can be achieved through the publication of tax regulations, guidelines, and rulings, and the provision of public access to tax records. Overall, these proposals can help to improve the tax administration of profit tax in Uzbekistan and increase compliance among taxpayers.

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