



WAYS TO IMPROVE THE ADMINISTRATION OF LARGE TAXPAYERS WITH A PUBLIC SHARE

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Abstract

This article discusses the role and importance of the interregional tax inspection in improving large-scale reforms aimed at creating favorable conditions for conducting business activities in the tax sphere in the country and further strengthening the confidence of business circles. At the same time, some important reforms being implemented in the tax system of Uzbekistan with a state share are studied, foreign experience is studied, scientific and practical conclusions and proposals are developed on its application in our country.

Keywords: Tax policy, tax revenues, threat analysis, risks, efficiency, digital platform, methods and tools, interregional tax inspection, analysis, optimization, tax benefits, tax rate.

Introduction

In recent years, many countries, including Uzbekistan, have implemented important reforms in the tax system. These reforms are often related to the need to create a more effective, transparent and fair tax structure that ensures economic growth, stimulates investments and ensures the collection of sufficient revenue for state functions. Tax system reforms play a crucial role in shaping the economic landscape of the country. In addition, a number of scientific research works are being carried out in world practice to improve the tax administration of large taxpayers. In particular, the relevance of the issues of determining indicators for assessing the effectiveness of the activities of large taxpayers, fully fulfilling the obligation to support audit and tax control of large taxpayers, structuring control functions by sectors, implementing the principle of joint compliance with the rules, and developing an effective mechanism for stopping tax evasion are among the priority areas of research in this area, due to their insufficient theoretical and normative study and high practical importance in modern economic conditions.

Literature Review

A. Fedorov. [1] believes that “he proposed measures to improve tax administration that would reduce the administrative burden and stimulate the investment activity of large taxpayers, developed methods and techniques for tax incentives for investment activities of large taxpayers that significantly expand and supplement existing tax benefits and increase their investment sources, and evaluated their effectiveness.” T. Kamalnev [2] analyzed the practice of directly taxing the activities of large taxpayers using the example of gas network enterprises, assessed the results of tax administration of large taxpayers, and analyzed the control activities of interregional tax service bodies based on both quantitative and qualitative indicators. Corporate governance is a specific system of management and



control over the activities of a company. The research work of local economists S.S. Gulyomov, Sh.N. Zaynutdinov, M.A. Ikramov, N.K. Yoldoshev, D.N. Rahimova, N.M. Rasulov, M.S. Saidov, D. Suyunov, M.L. Tursunkhodjaev, M.B. Khamidulin, A.A. Khoshimov, R.I. Yaushev [3] on corporate governance is aimed at creating a scientific and theoretical basis for corporate governance processes. Their scientific research addresses issues related to the transformation of forms of ownership, the improvement of corporate governance models, and the development of joint-stock enterprises. A number of dissertations defended in recent years have examined issues related to the development of corporate structures, mainly institutional changes in the process of privatization of state property, as well as regional characteristics of denationalization and privatization of property in Uzbekistan. In particular, in the research of A.A. Khoshimov, special attention is paid to the scientific and methodological aspects of the development of corporate structures in the context of denationalization and privatization of property [4]. R.I. Yaushev's scientific research is devoted to the problems of integrated corporate structures and management of enterprises with state participation in the founding capital [5]. M.B. Khamidulin reflects on the development of the stock market, the role and significance of the supervisory board in joint-stock companies [6]. The issues of privatization of joint-stock companies in Uzbekistan are widely discussed in many works and reports of the First President of the Republic of Uzbekistan, President I.A. Karimov [7]. These issues are organically reflected in the scientific research of such scientists and specialists as G.K. Saidova, B.Yu. Khodiev, B.B. Berkinov [8]. According to A. Coupland, D. Koller and R. Murring, the financial statements that enterprises provide to all stakeholders are their main tool for corporate governance monitoring systems based on the information transparency of the joint-stock company, which is one of the most important factors of corporate governance effectiveness. Karp M.V [9] Tax policy is a component of the general financial policy of the state in the medium and long term and includes such concepts as the concept of state activity in the tax sphere, the tax mechanism, and tax system management.

Research Methodology

In the research process, comparative analysis and synthesis, induction and deduction, expert assessment, scientific abstraction, economic and mathematical modeling, statistical, correlation and regression analysis, and other methods were widely used. The practical significance of the research results is used in improving the efficiency of managing privatization processes in corporate structures, in developing management strategies for the electric power industry of Uzbekistan, and in planning privatization processes, developing necessary measures in the future, and developing targeted program documents for more effective development of the industry.

Analysis and discussion of results

One of the important priorities of tax policy in the conditions of the new Uzbekistan is the application of tax administration as a separate tax regime for relatively large taxpayers, which are of great importance in our national economy, as well as in the formation of state budget revenues. Of course, there are a number of reasons for this. Firstly, the activities of business entities, their production



capacity and contribution to the country's treasury are not the same, which indicates their deep economic differentiation. Although a unified approach to the principles of taxation applies to taxpayers, the implementation of tax policy (administration) in relation to the volume of taxpayers has been effective in world practice. Secondly, the production technology of enterprises with large capacity and the structural structure of their turnover of goods (services, works) are quite complex, taking them into account, it is beneficial to apply a separate tax regime to them. Thirdly, within any given national economy, economic policy is carried out by grouping enterprises according to their size, and their economic potential is assessed, and their fiscal potential is also determined. Assessing the fiscal potential of taxpayers requires analyzing them within separate groups and implementing appropriate tax policies. It follows that taxing taxpayers on a scale requires separate tax administration in various directions. Of course, tax policy, which begins with their inclusion in the category of large taxpayers, includes the approach of tax authorities to their registration, registration of tax objects within their framework, granting tax privileges to them, and collecting tax debts, has a certain formation process. Indeed, the application of tax administration based on specific approaches to taxing taxpayers based on their inclusion in the category of large taxpayers has not been widespread, but the formation of specific experiences in this regard is an evolutionary process. Considering it appropriate to conduct a theoretical analysis of this situation from a scientific and methodological point of view, we will consider the state of its formation.

The Resolution of the President of the Republic of Uzbekistan "On measures to radically improve the activities of state tax service bodies" No. PP-3802 dated June 26, 2018 and the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to further improve the activities of state tax service bodies" No. 320 dated April 17, 2019 are of particular importance. It is on the basis of these resolutions that the new edition of the Regulation on the State Tax Committee of the Republic of Uzbekistan and the Regulation on the Interregional State Tax Inspectorate for Large Taxpayers were approved. These regulations set out the main tasks of the State Tax Committee as "creating favorable conditions for taxpayers to voluntarily fulfill their tax obligations, ensuring that each employee unconditionally fulfills the goal of "Tax Service - a reliable partner of honest taxpayers", carrying out work to improve the legal culture of taxpayers, implementing comprehensive measures to prevent, detect and eliminate tax violations, and improving work with taxpayers through a complete transition to contactless electronic services for taxpayers." Important areas of tax administration in a new form and content were identified by tax service bodies.

An institutional structure within the State Tax Committee of the Republic of Uzbekistan - the Interregional State Tax Inspectorate for Large Taxpayers - was established, and its main task was to carry out tax administration for large taxpayers, regardless of their location and the activities they carry out.

As can be seen from the above figure, the functions and tasks of the Interregional State Tax Inspectorate for Large Taxpayers in tax administration are defined as ensuring the fulfillment of their tax obligations within the framework of the law, applying the principles of fairness of taxation in relation to taxpayers, and becoming a reliable partner of honest taxpayers.



Regarding the organization of large taxpayer accounts and ensuring the full collection of taxes and fees provided for by tax legislation:

The composition of large taxpayers served by the Interregional State Tax Inspectorate for Large Taxpayers amounted to 1,416 in 2019, 836 in 2020, and 1,149 taxpayers in 2021. The sharp decrease in the number of taxpayers in 2020 is due to the transformation of commercial banks and their branches across the republic during this period. That is, in order to simplify the process of submitting tax reports and making payments for commercial banks, the personal accounts of bank branches where tax accounting is conducted were merged with the personal accounts of their head offices. As a result, additional conveniences were created for commercial banks, centralized calculations and payments for all types of taxes were made, and the processes of submitting reporting forms were carried out only through head offices.

In 2021, based on the established criteria for including legal entities in the category of large taxpayers, an analysis was conducted of enterprises operating throughout the republic, and an additional 313 enterprises were included in the category of large taxpayers. A number of changes were made to the established criteria for including legal entities in the category of large taxpayers in 2020 and 2021. In particular, legal entities that use the airspace of the Republic of Uzbekistan for the purpose of transporting passengers, carrying out international air communications and being part of them were also considered large taxpayers. In addition, the criterion called legal entities extracting, processing, supplying and selling hydrocarbon raw materials and mineral resources, as well as producing and supplying electricity, with the exception of gas stations for automobiles, was amended to read as follows: "legal entities extracting, processing, supplying and selling hydrocarbon raw materials and mineral resources, as well as producing and supplying electricity, and permanent establishments (branches) of foreign legal entities supplying goods (works and services) to them in the Republic of Uzbekistan, with the exception of gas stations for automobiles." At the same time, a clause was added to the regulation on foreign legal entities implementing the implementation of electronic services, the place of implementation of which is the Republic of Uzbekistan, and foreign legal entities implementing the implementation of electronic services were included in the category of large taxpayers. In 2019, the inspection collected 45,859 billion soums. sums of tax revenues were collected in the state budget, which is 55% of the total taxes collected in the republic. Despite the pandemic in countries around the world, in particular in our republic, the Inspectorate collected 67,717 billion soums of payments to the budget for 2020. This amounted to 65% of the total taxes collected in the country, while in 2021 we can see that 81,771 billion soums were collected, and its share in total revenues amounted to 64%.

One of the indicators characterizing the formation of the tax administration of large taxpayers in the tax system of Uzbekistan is the dynamic change in the number of enterprises included in the categories of large taxpayers by type of activity and sector. Therefore, if we pay attention to the data in the table above, we can see that the number of enterprises in this category amounted to 1,416 in 2019, while at the beginning of 2022 this indicator amounted to 957, indicating a decrease in their number. The main reason for this is the fact that the criteria for identifying enterprises belonging to this category have been slightly changed, as well as a sharp reduction in the number of organizations belonging to the



category of commercial banks, commodity, stock and currency exchanges, and due to the instability of the financial and economic activities of some taxpayers, they no longer meet the criteria of this category of enterprises, and the reduction of the number of enterprises within Navoiy KMK JSC, Olmaliq KMK JSC and their founding organizations. there were other such factors.

Another indicator characterizing the formation of the tax administration for large taxpayers, which is worth emphasizing, is the functional structure of the Interregional State Tax Inspectorate for Large Taxpayers and its structural divisions, as well as the organizational, technical and methodological processes associated with their tasks and functions. Our critical analysis of the structure of the Interregional State Tax Inspectorate for Large Taxpayers, which is responsible for conducting tax administration for large taxpayers, shows that the functional tasks of its constituent structures (departments and divisions) and the state of their implementation do not allow us to conclude that they are sufficient to ensure the effectiveness of the tax administration. In this regard, we believe that it is possible to achieve efficiency in this regard by increasing the effectiveness of the tax administration for large taxpayers by additionally organizing certain divisions in the structural structure of the inspectorate and clarifying their activities.

In addition, in addition to the functions listed in the figure, this department will also perform the following functions: when selecting entities for tax audits, it will ensure that all information available to tax authorities about each entity is analyzed through an automated system; based on the results of the analysis, it will develop proposals for implementing the necessary and most effective measures against entities with a high risk of tax evasion based on certain criteria; develop proposals for increasing tax collection through a systematic analysis of the tax potential of regions; introduce advanced automated methods for analyzing data from external and internal sources; conduct automated control of tax risks when refunding negative amounts of value added tax from taxpayers; and carry out appropriate measures to further expand the composition of authorized bodies, as well as ministries and departments that provide information to state tax authorities or the types of information received. The analysis shows that in the process of further improving tax administration for large taxpayers, there is a need to create an additional institutional structure, such as the Value Added Tax Administration Department of the Interregional State Tax Inspectorate for Large Taxpayers. Based on the functional tasks of other structural units, in our opinion, it is appropriate to define the following as the main tasks of this unit:

- ☐ Organizing systematic work on considering applications for the refund of the amount of value added tax to be reimbursed;
- ☐ Determining the risk of an economic entity that has submitted documents for the reimbursement of value added tax based on the list provided by the Risk Analysis and Transfer Pricing Department;
- ☐ Based on the results of the in-house tax audit on the reimbursement of the tax amount, the head or deputy head of the tax authority makes a decision on the reimbursement of the tax amount (in full or in part) or refusal to reimburse it;
- ☐ analyzes the reasons for violations of the requirements of tax legislation and, on the identified cases, enters information into the Risk Analysis and Transfer Pricing Department of the Inspectorate;



- registers and maintains records of value-added tax payers;
- issues and cancels certificates of value-added tax payers;
- carries out the reimbursement of the value-added tax amount in accordance with the established procedure and returns the remaining tax amount after paying off debts on other taxes, etc.

By the Resolution of the President of the Republic of Uzbekistan “On further increasing the efficiency of expenditures of the State Budget of the Republic of Uzbekistan and improving the activities of state financial control bodies” No. PP-128 dated February 14, 2022, the function of the Ministry of Finance to monitor the correct and timely calculation of excise tax was transferred to the State Tax Committee. Therefore, we consider it necessary to establish an Excise Tax Control Department in the State Tax Committee and an Excise Tax Control Department in the Interregional State Tax Inspectorate for Large Taxpayers.

In our opinion, it is appropriate to determine the following as the main tasks of this unit:

In addition, the following:

- verifying the actual presence of excise stamps, studying the correspondence of their number to accounting reports before handing over damaged excise stamps for destruction;
- determining the objects and goals of inspection using modern information technologies and databases through the widespread use of remote control;
- The department is also responsible for monitoring the full accounting of sparkling and natural wine products not marked with excise stamps through mandatory digital labeling, as well as analyzing the effectiveness of the import, production and sale of sparkling and natural wine products not marked with excise stamps and developing proposals.

In the process of studying the problems of regulating and coordinating the activities of large taxpayers in the tax system of Uzbekistan, we must first assess their fiscal significance, or rather, their role in the national economy of the country, as well as in the budget system. In this regard, we will conduct our analysis based on a number of approaches. First, we will analyze the trend of the share of large taxpayers in the formation of tax revenues of the state budget of Uzbekistan by tax type, the share of large taxpayers in the formation of state budget revenues, the fiscal significance of “donor taxpayers” belonging to the category of large taxpayers in the state budget, and the fiscal significance of these donor taxpayers in the system of large taxpayers, the fiscal significance of commercial banks belonging to the category of large taxpayers in the state budget system of the republic, and the share of oil and gas enterprises belonging to the category of large taxpayers in the republican budget, and based on these analyzes, we will try to form appropriate scientific conclusions.

The taxes paid by Lukoil amounted to 10.3 percent in 2019, and around 3 percent in 2020-2021, and we can see a decreasing trend in the share of taxes paid. It was analyzed that the higher share of taxes paid in 2019 compared to other years was due to the higher price of gas purchased by the state from Lukoil, the higher payment of funds for the state share within the framework of the product distribution agreement, and the higher tax for the use of subsoil. In addition, the share of Khududgaztaminot JSC in 2019 was almost non-existent, because, although it was included in the category of large taxpayers during this period, the main sales rights for gas supply were held by Uztransgaz JSC, and from 2020-



2021, we can see that tax payments increased due to the transfer of part of the gas sales to Khududgaztaminot JSC.

Today, legal acts do not provide for measures of influence on state enterprises that have violated the deadline for paying dividends and allocations according to the state's share.

As a solution to the problem, in case of violation of the deadlines for transferring dividends and allocations from the state share to the budget, it is proposed to give the tax authorities the right to apply coercive measures provided for the collection of tax debts and to determine the procedure for paying 25 percent of the dividends and allocations calculated on the state share by June 1 of the year following the reporting year.

Forming an electronic list of all legal entities with a state share and legal entities created at the foundation of organizations with a state share of more than 50 percent and implementing a mutual information exchange system for calculating and collecting dividends and deductions from the net profit of state enterprises through the use of this platform will serve to increase the effectiveness of the interregional state tax inspectorate in this regard.

Conclusions and Proposals

The following are proposed to improve the efficiency of tax administration and develop new approaches. Of the 5.9 trillion soums of dividends due by enterprises with state shares at the end of 2023, the remaining 3 trillion soums that were not collected as of August 1 of this year will be fully paid to the budget. In addition, by the end of 2023, dividend payments of 3.1 trillion soums left to increase the authorized capital of commercial banks with state shares will be reflected in budget revenues and expenditures. For information: In 2022-2023, the net profit of banks with state shares amounted to 5.6 trillion soums, of which 3.9 trillion soums of the funds due to pay dividends were paid to the budget, 243 billion soums and 581 billion soums were directed to the authorized capital. As of August 1 of this year, undistributed funds amounted to 3.1 trillion soums. In order to prevent corruption and the lack of qualified personnel and to encourage employees who conscientiously perform their duties, it is proposed to transfer 40 percent of the amount of fines and penalties calculated on additional taxes collected as a result of tax control measures carried out on large taxpayers to a special fund of tax authorities.

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