THEORETICAL AND PRACTICAL ASPECTS OF MANAGING FISCAL AND TAX IMPLICATIONS IN FOREIGN ECONOMIC CONTRACTS

Bobomurodov Mirshod Erkin ugli

Master's student of Asia international university, Bukhara, Uzbekistan

Abstract. This article provides a theoretical and analytical examination of the issues related to managing fiscal and tax implications within the framework of foreign economic contracts. In the context of globalization, the expansion of international trade volumes and the increase in cross-border transactions necessitate the effective coordination of fiscal policy and tax mechanisms. The article identifies the main fiscal risks and tax obligations arising in foreign economic contracts, as well as the institutional and legal mechanisms for their optimization and management. The research findings are of practical significance for business entities engaged in foreign economic activity and for public fiscal authorities.

Keywords: foreign economic contracts, fiscal policy, tax implications, international trade, tax administration, transfer pricing, double taxation.

The deepening of integration processes in the global economy increases the need to improve the legal and financial foundations of foreign economic activity. Foreign economic contracts serve as the primary legal instruments for export-import operations, international investments, trade in services, and technology transfer. Effective management of fiscal and tax implications arising from such contracts is crucial for ensuring state budget stability, improving corporate financial performance, and enhancing national economic competitiveness.

Fiscal implications represent a set of factors that influence government revenues and expenditures through foreign economic contracts. Tax implications, in turn, are associated with tax liabilities arising from international operations, the distribution of the tax burden, and changes in the tax base. Developing scientifically grounded mechanisms for managing these processes has become an urgent task in the current economic environment.

Foreign economic contracts affect the state fiscal system through several channels. First, export and import operations generate budget revenues through customs duties, value-added tax, and excise taxes. At the same time, certain incentives and preferences may lead to a reduction in state budget revenues.

Another important aspect of fiscal implications is related to government expenditures. Within the framework of foreign economic contracts, financing infrastructure projects, implementing export support programs, and providing subsidies and guarantees contribute to increased budget expenditures. Therefore, in order to ensure fiscal balance, it is essential to assess in advance the budgetary impact of foreign economic agreements.

Tax implications in foreign economic contracts are mainly manifested in relation to income tax, value-added tax, corporate profit tax, and customs payments. In international trade operations, particular importance is attached to the complexity of determining the tax base, identifying the source of income, and resolving residency issues.

The problem of double taxation is one of the key tax implications of foreign economic contracts. To address this issue, states conclude bilateral agreements on the avoidance of double taxation. Such agreements ensure a fair distribution of the tax burden by allocating taxing rights, limiting tax rates, and introducing tax credit mechanisms.

The management of fiscal and tax implications in foreign economic contracts is based on a set of institutional, legal, and economic mechanisms. Institutional mechanisms include coordinating the activities of tax and customs authorities, strengthening information exchange, and improving control systems.

Legal mechanisms are aimed at ensuring the harmonization of national tax legislation with international agreements. Aligning tax code provisions with international standards, introducing transfer pricing rules, and simplifying tax administration are among the key directions of this process.

Within the framework of economic mechanisms, measures such as tax burden optimization, tax planning, and fiscal risk management play a significant role. Business entities, when concluding foreign economic contracts, should assess tax consequences in advance and structure contractual terms in a fiscally efficient manner.

In conclusion, managing fiscal and tax implications in foreign economic contracts plays a vital role in maintaining a balance between the interests of the state and business entities. The implementation of effective management mechanisms contributes to strengthening budget stability, ensuring a fair distribution of the tax burden, and increasing the transparency of international trade activities. Improving scientifically grounded approaches and practical mechanisms in this area has a positive impact on the long-term development of the national economy.

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