

INSTITUTIONAL BASICS OF TAX SYSTEM DIGITALIZATION

Tashmukhamedova Yayra Atkhamovna

Senior teacher of Tashkent State University of Economics

Abstract: This article contains information on reforms carried out with the aim of accelerating the development and improvement of business entities, including tax reforms, state legislative documents and their additions and amendments. In addition, conclusions and proposals were made to ensure the further development of business activities, strengthening and improving cooperation with tax authorities.

Keywords: strategy “Digital Uzbekistan – 2030”, activities of business entities, interactive services, tax administration, “personal account of the taxpayer”, information and communication technologies.

1. Introduction

In our country, in the context of economic modernization, there are tasks such as radically improving the investment climate and business environment favorable for entrepreneurship, increasing the role of private property, removing barriers and creating favorable conditions for the development of entrepreneurship. Specifically, the Decree of the President of the Republic of Uzbekistan dated October 5, 2020, No. UP-6079 "On Approving the Strategy "Digital Uzbekistan - 2030" and Measures for its Effective Implementation," in order to ensure the implementation of tasks outlined in the state program for the accelerated development of the digital industry in the republic, increasing the competitiveness of the national economy, as well as the implementation of the Action Strategy in Five Priority Areas of Development of the Republic of Uzbekistan in 2017-2021 in the "Year of Development of Science,

Including:

- further expansion of e-government capabilities, creation of additional amenities for the population and business entities, and ensuring widespread use of digital technologies;
- development of digital identification within the framework of the e-government system, providing for the introduction of additional forms and methods of remote identity verification for the population and business entities from e-government services;
- introduction of effective systems ("tracking") of online monitoring of the status of consideration of appeals of the population and business entities to state bodies and organizations;
- creation of conditions for the development of the local market of software products, including the development of new innovative solutions and their subsequent implementation by ensuring effective interaction between business entities and state bodies;
- introduction of alternative mechanisms of the financing system for projects of startups

and business entities in the field of information technology;

- tasks have been set to promote the creation of high-tech business centers and clusters based on cooperation between business enterprises, universities, research institutes and research centers.

2. Analysis and results

2.1. Institutional basics

In order to ensure the accelerated development of business entities in the further development of the economy, comprehensive protection of private property, and further improvement of the business environment, it is necessary to effectively address such important issues as the proper formation of tax culture and tax knowledge of direct business entities, that is, taxpayers. This requires, first and foremost, a perfect organization of the existing tax system and its improvement.

It is important to pay attention to stimulating competitive production by ensuring healthy and fair competition among business entities, forming an effective system of taxation and customs tariff regulation based on the principle of equality for all entities.

It should be noted that on June 29, 2018, a Presidential Decree adopted the Concept of Improving the Tax Policy of the Republic of Uzbekistan, thereby significantly reducing the tax burden on the economy, simplifying the tax system, creating a fair tax system for entrepreneurs, and finding solutions to a number of systemic problems that hinder ensuring the necessary level of collection of taxes and other mandatory payments.

The adoption of the Law of the Republic of Uzbekistan dated April 2, 2024 No. ZRU-923 "On Amendments to the Tax Code of the Republic of Uzbekistan in connection with the establishment of measures aimed at establishing mutually beneficial cooperation with business entities in poverty reduction" is a vivid example of ongoing reforms.

Today, special attention is paid to timely informing the population and representatives of business entities, further improving their tax legal knowledge. In particular, the most important priority is the introduction of amendments and additions to the tax legislation, as well as the Decrees and Resolutions of the President of the Republic of Uzbekistan on the creation of favorable conditions for the accelerated development of small business and private entrepreneurship, the provision of benefits and preferences, their comprehensive support.

Taking into account the state programs for the implementation of the "Uzbekistan - 2030" Strategy in 2024 in the "Year of Support for Youth and Business," in accordance with the Decree of the Head of State No. UP-37 of February 21, 2024, a "Business Support Program" was developed to create more favorable conditions for business as a key factor in the development of the national economy. The new law, developed in accordance with this Decree, is aimed at further strengthening the legal basis of the principle of priority of the rights of business entities. The direct involvement of tax authorities in this process, as well as the measures taken by tax

officials to fulfill their duties, are of great importance.

To date, constitutional rights and guarantees for the protection of private property have been ensured, and a simplified taxation procedure has been introduced to drastically reduce the tax burden on small businesses. It was also possible to radically increase the share of small businesses and private entrepreneurship in the economy, create additional conditions for them, simplify registration, reduce the permitting mechanism and improve the reporting system procedures.

Along with the benefits created by the government for business entities, a number of measures are being taken to provide them with high-quality services and create favorable conditions in the system of the State Tax Committee.

In particular, the introduction of advanced information and communication technologies in the system of tax authorities has a positive impact on increasing the effectiveness of information and analytical work to prevent, identify and eliminate violations of tax legislation.

To date, about thirty software products have been developed and implemented in practice, aimed at improving tax administration, introducing paperless document exchange, and enhancing the efficiency of state tax service bodies. These include: "Sending tax reports electronically in online and offline modes," "Keeping records of overdue electricity debts," "Maintaining records of tax debts for legal entities," "Forming inspection schedules," "Keeping records of inspections for individual entrepreneurs," "Maintaining records of property transferable to state revenue," "Accounting for administrative practices," "Keeping records of tax inspections," "Personnel database," "Interactive services," and other software products. These software products, of course, facilitate the tax payment system, the process of maintaining and calculating tax reporting between business entities and taxpayers. At the same time, it creates favorable conditions for the formation and use of an information base.

In addition, within the framework of the implementation of the "Electronic Government" system, measures are being taken to accelerate the development of information and communication technologies in the activities of state bodies, to expand non-communicative forms of interaction between business entities and authorized bodies.

Today, extensive changes and innovations are being implemented in the tax sphere. In particular, the Presidential Decree No. UP-21 "On the criteria for categorizing business entities and measures to further improve tax policy and tax administration" was adopted on February 10, 2023. According to this decree,

- for business entities with a total income of not less than 10 billion soums, a 20 percent quota is introduced for public procurement, and contracts concluded with budget customers within the framework of these procurements provide for prepayment in the amount of 50 percent.

In this case, tax authorities will generate information about business entities with a total income exceeding 10 billion soums and provide information exchange with a special information portal;

- the amount of value added tax is not taken into account when selecting the best offers in public procurement and evaluating the proposals of participants in tender tenders;
- the procedure for reimbursement of expenses of enterprises exporting high-value-added copper products related to the production of products and their sale to the foreign market up to 6% of the export value will be abolished.

2.2. Statistic analysis and results

In accordance with the Decree of the State Tax Committee of the Republic of Uzbekistan No. 2017-41 of August 15, 2017, "Regulations on the procedure for using the personal account of the taxpayer" were approved, which has historical significance in the implementation of another reform, one of the fundamental changes in the tax sphere. According to it, Article 22 of the Tax Code of the Republic of Uzbekistan was amended and supplemented with the concept of "personal account of the taxpayer." Today, in accordance with the new edition of the Tax Code of the Republic of Uzbekistan adopted on December 30, 2019, Article 56 is dedicated to the "Private Account of the Taxpayer." This concept is the legal basis for the implementation of relations with taxpayers in electronic form.

After the "Personal Account of the Taxpayer" is activated, the interaction between the taxpayer and the tax collector regarding the fulfillment of rights and obligations stipulated by tax legislation will be carried out exclusively in electronic form.

Table 1

Indicators of economic activity of construction enterprises in Uzbekistan and their analysis, used to identify the shadow economy (billion soums)

Indicators	2019 year	2020year	2021 year	2022 year
Total number of construction companies	14 802	17 830	21 446	32 632
Turnover shown in tax reports	49 037,3	61 389,6	101 181,5	121 815,8
Large cash receipts based on bank data	29 228,0	30 221,1	46 223,6	58 955,2
Number of employees	219 755	258 550	289 491	264 054
Salary fund	5 345,0	6 599,9	8 370,3	9 944,5
Average 1 month per worker	1,0	1,1	1,4	1,9
salary (million sums)	84	3 599	7 640	1 628

Total number of tax audits conducted	0	31	518	123
on-site tax audit	2	3 447	6 768	1 409
desk tax inspection	82	121	354	96
tax audit	234	2096	2578	1061

The technologies being implemented will create new opportunities for the population, small businesses, and private entrepreneurs, while also enabling faster information exchange and dissemination. This will enhance the efficiency of fiscal authorities in performing their duties. In this context, the development of other interactive services such as "Certificate on Benefits for Individuals," "Create Your Own Business," "Taxpayer Registration," as well as the "Tax" mobile application, is a clear result of the rapid development and practical implementation of modern information and communication technologies.

In conclusion, it can be said that in order to accelerate the development of the activities of business entities, protect private property and further improve the business environment, many reforms and measures are being implemented in our country. The adoption of necessary laws and decisions, including tax benefits, the improvement of the simplified tax system, and the reduction of tax rates, are yielding results. At the same time, it serves to create favorable conditions for taxpayers.

Table 2

Analysis of the dynamics of tax revenues to the state budget due to the prevention of the shadow economy in Uzbekistan compared to previous years (billion soums)

Indicators	years		
	2021	2022	2023
Properly formalize, process and use the EHF	2571,3	3 320,2	5516,2
due to report adjustments	461,2	688,7	1049,9
Additional tax facilities and land	2174,9	2 687,7	3971,2
due to field identification	1412,1	1 664,8	2695,1

Enterprises' tax arrears at the beginning of the year	994,6	1 076,6	2614,3
due to collection	1930,7	2 132,3	3003,5
Due to the result of the tax audit	9 544,8	11 570,3	18850,2

Therefore, it is impossible not to take into account the impact of tax policy aimed at ensuring the accelerated development of entrepreneurial activity, comprehensive protection of private property, and qualitative improvement and development of the business environment. A comprehensive study of tax relations and the drawing of relevant conclusions is the basis for organizing an optimal taxation system. As a result of adhering to the principle of the highest priority and fairness of tax relations in their management, an increase in state treasury income will be achieved, and the objections of taxpayers to the state will be reduced.

3. Conclusions

Based on the above conclusions, in order to ensure the further development of entrepreneurial activity, strengthen and improve mutual cooperation with tax authorities, we would like to make the following proposals:

1. To take measures to further strengthen the joint activities of auditors, tax advisors and tax officials in the implementation of modern principles and mechanisms of taxation;
2. To enhance the legal literacy of taxpayers, it is necessary to further improve the quality of services provided by tax authorities and tax advisors, as well as the legal framework for their activities.
3. Improving the revision of information provided to the Unified Information Resource Base in order to expand the taxable base and improve tax control;
4. Creation of favorable conditions for the use of interactive services by business entities;
5. Increasing the effectiveness of information and analytical work to prevent, identify, and eliminate violations of tax legislation;
6. We believe that organizing tax breaks for honest taxpayers - business entities will be effective.

References:

1. Decree of the President of the Republic of Uzbekistan dated October 5, 2020 No. DP-6079 "On the Strategy "Digital Uzbekistan - 2030."
2. Decree of the President of the Republic of Uzbekistan dated June 29, 2018, No. UP-

5468 "On the Concept of Improving the Tax Policy of the Republic of Uzbekistan."

3. Law No. ZRU-923 of April 2, 2024, adopted by the Legislative Chamber on December 26, 2023, approved by the Senate on February 9, 2024, "On amendments to the Tax Code of the Republic of Uzbekistan in connection with the establishment of measures aimed at establishing mutually beneficial cooperation with business entities in poverty reduction."

4. Decree of the President of the Republic of Uzbekistan dated February 10, 2023, No. UP-21 "On Measures to Further Improve the Criteria for Categorizing Business Entities and Tax Policy and Tax Administration."

5. Resolution of the State Tax Committee of the Republic of Uzbekistan dated August 15, 2017 No. 2017-41 "On approval of the Regulation on the procedure for using the personal account of a taxpayer."

6. New edition of the Tax Code of the Republic of Uzbekistan. Lex.uz. The national basis of legislation.

7. Juraev A. Mirzayev F. Tax System and Its Improvement. Lecture texts. Tax Academy of the State Tax Committee, T. 2014, p. 6

8. Tashmukhamedova Y.A. Improving Tax Administration in Uzbekistan. 08.00.07 - "Moliya, pul muomalasi va kredit." Abstract of the dissertation for the degree of Doctor of Philosophy (PhD) in Economics. 2024. p. 11

9. Tashmukhamedova, Y. (2023). An analysis of the tax administration activities of state tax authorities in the country.

10. Yayra, T. (2023). Analysis of Tax Administration Activity of State Tax Service Bodies. *Asian Journal of Technology & Management Research (AJTMR) ISSN, 2249(0892)*.

11. Tashmukhamedova, Y. (2020). THE ROLE OF TAX ADMINISTRATION IN MANAGING BUDGET REVENUES IN THE BUDGET SYSTEM OF THE REPUBLIC OF UZBEKISTAN. *International Finance and Accounting, 2020(2)*, 20.

12. Tashmukhamedova, Y. A. (2019). WAYS TO IMPROVE THE ACTIVITIES OF THE SYSTEM OF TAX MANAGEMENT AND ORGANIZATION OF THE WORK OF EMPLOYEES OF THE PUBLIC TAX SERVICE. *Theoretical & Applied Science, (3)*, 538-544.

13. Usmonov, B. (2023). ANALYSIS OF EQUITY AND ITS EFFICIENCY IN JOINT STOCK COMPANIES OF UZBEKISTAN. *World Economics and Finance Bulletin, 20*, 167-171.

14. Usmonov, B. (2022). Evaluation of efficiency of capital management in joint stock companies in the textile sector: in case of Uzbekistan. *Asian Journal of Research in Business Economics and Management, 12(1)*, 40-50.

15. Tursunov, B. O., Umarchodjaeva, M., Rustamov, N., Umarova, G., & Rejabbaev, S. (2021). Analysis of Industrial Production Potential in Ensuring the Economic Security of the Regions. *Revista geintec-gestao inovacao e tecnologias, 11(3)*, 1411-1421.