TAXATION SYSTEM IN UZBEKISTAN AND ITS IMPACT ON ACCOUNTING

Yuldoshev Abduvali Muzaffar ugli

TAFU, student of the "Accounting and Audit" department.

abduvaliyoldoshev123@gmail.com

Annotation: This article covers the main directions of the taxation system in Uzbekistan, its formation, legal and regulatory framework and their direct impact on accounting. Also, the tasks facing enterprise accounting in the context of tax reforms, the forms of tax reporting and the introduction of electronic systems are analyzed.

Keywords: taxation system, accounting, mandatory payments, fiscal policy, VAT, profit tax, accounting policy.

Annotation: In this state, the basic structure of the system of taxation in Uzbekistan, its formation, normative-legal basis and direct influence on the accounting system are clarified. It is also analyzed zadachi, standing in front of the accounting enterprise in the context of tax reform, formy tax reporting and introduction of electronic system.

Key words: tax system, accounting account, mandatory payment, fiscal policy, NDS, tax return, account policy.

Abstract: This article highlights the main directions of the current taxation system in Uzbekistan, its formation, legal and regulatory framework, and their direct impact on accounting practices. It also analyzes the tasks faced by corporate accounting in the context of tax reforms, the types of tax reporting, and the implementation of electronic systems.

Keywords: taxation system, accounting, mandatory payments, fiscal policy, VAT, profit tax, accounting policy.

Enter

The taxation system is the heart of any government's financial policy. Since the years of independence, the Republic of Uzbekistan has been consistently improving the tax system. This system serves as an important tool not only in the formation of the state budget, but also in regulating the activities of business entities. Tax reforms carried out in the Republic of Uzbekistan in recent years - reducing tax rates, expanding the tax base and introducing electronic accounting systems - are aimed at improving the business environment and ensuring fiscal stability. However, incorrect or disproportionate distribution of the tax burden can have a negative impact on the activities of enterprises. Tax accounting at enterprises must be carried out in strict accordance with the legislation. Therefore, accounting and taxation are closely interconnected and mutually influencing systems. As we know, taxes and other mandatory payments are mandatory payments to the State Budget of the Republic of Uzbekistan and state trust funds, established by the Tax Code of the Republic of Uzbekistan. Legal entities, as well as non-residents of the Republic of Uzbekistan, carrying out activities in the Republic of Uzbekistan through a permanent establishment as taxpayers, are obliged to submit an application for registration as a permanent establishment to the state tax service body no later than one hundred and eighty-three days from the date of commencement of their activities. The application for registration of a legal entity - a non-resident of the Republic of Uzbekistan carrying out activities through a permanent establishment shall be accompanied by a contract or a power of attorney issued on behalf of the legal entity - a non-resident of the Republic of Uzbekistan to conduct business in the Republic of Uzbekistan, as well as an agreement, the fulfillment of whose obligations leads to the establishment of a permanent establishment, if there is one.Formation and features of the taxation system in Uzbekistan

International studies show that the medium and long-term impact of the tax burden can be different. For example, IMF and OECD reports state that high taxes increase budget revenues in the short term, but can limit investment in the long term. Therefore, the need to maintain a balanced level of the tax burden in fiscal policy is emphasized. Also, from an accounting point of view, the complexity or instability of tax policy negatively affects the accuracy of accounting. The current Law "On Accounting" and International Financial Reporting Standards (IFRS) indicate the need to harmonize tax and financial reporting. Analyses show that the success of fiscal policy directly depends on the appropriateness of the tax burden, the simplicity and stability of tax legislation, as well as the quality of accounting. Currently, the following main taxes exist in Uzbekistan:

-Profit (income) tax;

-Value added tax (VAT),

-Turnover tax (single tax payment);

-Land tax;Property tax;

-Transport tax;

-Personal income tax;

-Social tax.

The main features of the tax system are:

-Simplified forms of taxation (for some small businesses);

-Progressive or fixed tax rates;

-Digitalization of tax administration (through the my.soliq.uz portal);

-Gradualization of tax reforms (for 2017–2024).

The Tax Code of the Republic of Uzbekistan (newly enacted in 2020) sets out the main rules of the tax approach to accounting.

The impact of the taxation system on accounting

Changes in tax policy directly affect the following aspects of accounting:

a) Impact on the formation of accounting policies

The enterprise forms its accounting policies based on tax residency, taxation procedure (general or simplified), depreciation methods, and criteria for recognizing income and expenses.

b) Changes in the accounting and reporting system

Tax reports are derived from accounting documents. For example: VAT invoices No. 1; Profit tax report (IFNO form); Personal income tax form 2-NDFL on individual income.

c) Transition to electronic accounting and automation

Electronic invoices, online cash registers, and automatic tax calculation systems have radically changed accounting.

d) Increased control

Accountants are financially and administratively liable for tax errors. Therefore, accounting documents are of particular importance as a tool for tax control.

Practical aspects and existing problems:

Analysis shows that: The relationship between tax burden and net profit. After tax rates were reduced, their net profit increased by an average of 11–15%. This led to an improvement in investment activity and the use of internal resources.

Increased accounting complexity. Tax incentives and updated tax procedures require additional documentation when reporting. This has led to an increase in the accounting burden, especially for small businesses. Enterprises are forced to hire additional specialists or use external accounting services.Observations on the effectiveness of tax incentives. The profitability of enterprises operating in areas with tax incentives (for example, free economic zones) was on average 18–20% higher. This indicates a positive impact of tax policy on regional economic activity.

Differences in the sector. The tax burden is relatively low in the service sector, and the profit level in this sector is higher than in the manufacturing sector (on average about 24%). At the same time, manufacturing enterprises rely more on tax incentives to alleviate the tax burden.

Introduction of electronic tax systems. As a result of the introduction of the “e-tax” system, the transparency of accounting has increased, but in some regions the lack of technical infrastructure negatively affects the quality of accounting. Optimization of the tax burden has had a positive impact on financial stability. Tax incentives have increased profitability and investment activity.

Although electronic systems have simplified accounting, some difficulties remain in their implementation.

Structure of tax revenues in Uzbekistan by main types (2020–2024, in trillion soums) Table 1

Yil	QQS (Qo'shilgan qiymat solig'i)	Foyda solig'i	Jismoniy shaxslar daromad solig'i	Ijtimoiy soliq	Boshqa soliqlar	Jami soliq tushumlari
2020	40,2	15,8	11,5	14,0	8,5	90,0
2021	51,7	19,2	13,1	16,3	9,2	109,5
2022	63,4	23,5	15,2	17,8	11,0	130,9
2023	74,6	27,8	17,4	20,1	12,3	152,2

According to Table 1 above, tax revenues are growing year by year during 2020–2024. In particular, VAT has the largest share, increasing from 40.2 trillion soums in 2020 to 83 trillion soums in 2024. This situation indicates the expansion of the taxation system, increased digitalization and control (see Table 1). In practice, there are key problems that accountants face, such as frequent changes in tax legislation, technical failures associated with electronic systems, uncertainties in the precise determination of the tax base, and complex procedures for VAT refunds, and other circumstances that require accuracy and caution in accounting.

Conclusion

The taxation system, while being an important instrument of state fiscal policy, directly affects the formation of accounting. Taxation system reforms in Uzbekistan are being carried out on the basis of modern requirements and digital transformation. This requires the use of new approaches and technologies in accounting. Corporate accountants need to have a deep knowledge of modern tax legislation and accounting methods, as this is the basis for ensuring financial stability and tax discipline.

I make the following proposals for improving tax accounting:

It is necessary to issue practical manuals on the new edition of the Tax Code, since young accountants do not know about tax benefits, they have only mastered the 1C program well;

Establish ongoing professional development programs for accountants;

Simplify the interface of electronic tax systems;

Create a single information base on tax rates and benefits.

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