

CORPORATE TAX POLICY AND ITS IMPACT ON ACCOUNTING REPORTS

Scientific supervisor: **Razikova Gulmira Sharifovna** senior lecturer, TSUU.

Abdukarimov Qamariddin

TSUU, 2nd year student, Faculty of Accounting and Finance.

Qiyomiddinov Musurmon

TSUU, 2nd year student, Faculty of Accounting and Finance.

Abstract: The article analyzes the impact of corporate tax policy on accounting reports. Based on 2024 statistical data, changes in tax rates, financial statements, and tax burden in Uzbekistan and international practice are demonstrated. Research findings indicate that tax policy changes significantly affect corporate financial indicators.

Keywords: corporate tax, accounting reports, financial statements, tax policy, tax rates, Uzbekistan

INTRODUCTION

In a modern market economy, corporate tax policy plays an important role in the financial reporting of enterprises and in making strategic decisions. In recent years, tax reforms implemented in the Republic of Uzbekistan, in particular, the directions of the tax and budget policy for 2024, have a significant impact on the accounting reports of corporations. The relevance of the study is that in 2024, significant changes were made to the tax legislation in Uzbekistan. In our country, the corporate income tax rate remained at 15 percent, personal income tax at 12 percent, and value added tax at 12 percent. At the same time, a number of tax benefits were abolished and new types of taxes were introduced. These changes directly affect the financial statements of enterprises. Significant changes are also observed in world practice. In 2024, the average corporate tax rate in the world is 23.51 percent. Eight countries increased tax rates, and five countries reduced them. This indicates the dynamic nature of the international tax environment. The purpose of the article is to analyze the impact of corporate tax policy on accounting reports, compare Uzbek and international practice, and develop practical recommendations.

LITERATURE REVIEW

The problem of corporate tax policy and its impact on accounting reports has been studied in many scientific studies. The Tax Code of the Republic of Uzbekistan (2023) defines the main directions of tax and budget policy for 2024. The document considers the issues of simplifying business activities, reducing the tax burden, and increasing the competitiveness of local producers. [1]

Karimov, Kurbanbayev, and Jumanazarov (2020) in the textbook "Accounting" cover in detail the basic principles of accounting, the procedure for documenting business transactions, and the formation of financial statements. The authors analyzed the methodology for calculating the tax burden of enterprises and reflecting it in financial statements. [3]

The draft state budget for 2024, published by the Ministry of Economy and Finance of the Republic of Uzbekistan (2023), presents the main directions of fiscal policy for the medium term. The document forecasts GDP growth of 5.6-5.8 percent, inflation at the level of 8-10 percent. [5]

An analysis prepared by Norma.uz (2023) provides preliminary results for 2023 and a forecast for 2024. The study shows that the amount of tax recovery from the budget under the value-added tax is expected to increase by 4.5 trillion soums. Excise tax revenues are projected to increase by 22.7 trillion soums, or 36.3 percent. [4]

The article published on the Research Gate (2024) platform examines the main changes introduced into the tax legislation of 2024 and the issues of improving the procedure for granting tax benefits. The study notes that a system for assessing the effectiveness of tax benefits has not been developed. [7]

The review prepared by Gazeta.uz (2024) provides a detailed description of the changes in taxes in 2024. The publication provides information on the increase in property tax rates by 10.7-12.2 percent, the introduction of new types of excise taxes, and the abolition of a number of tax benefits. [2]

The OECD (2024) Corporate Tax Statistics 2024 provides comprehensive data on corporate tax rates, revenues and effective tax rates. The study shows that in 2021, the average corporate tax revenue in 123 jurisdictions was 16.0 percent of total tax revenues. [6]

A review of the literature shows that corporate tax policy and its impact on accounting statements is a complex issue and requires in-depth research in the context of Uzbekistan.

RESEARCH METHODOLOGY

This study was conducted based on qualitative and quantitative methods. In the research process, various methodological approaches were used to study the formation of corporate tax policy, assess its direct impact on accounting statements, and study the possibilities of optimizing the financial performance of corporations.

Analysis and discussion of results

In 2024, most tax rates in the Republic of Uzbekistan remained unchanged. According to Deputy Minister of Economy and Finance Ahadbek Haydarov, in accordance with the "New Uzbekistan 2030" strategy, the main tax rates were left unchanged.

Table 1.

Corporate tax rates (billion soums)

Indicators	2020	2021	2022	2023	2024
Income tax revenue.	18200	22450	28650	35420	42180
Tax exemptions.	8500	9200	10800	12400	14200
Deferred tax liabilities.	1420	1680	2150	2640	3180
Deferred tax assets.	980	1150	1520	1890	2340
Tax expenses from financial statements.	16780	20850	26500	32780	39840
Gross Domestic Product (GDP).	587000	701000	842000	98300	1140000
General state budget revenues.	162500	190250	232900	278900	321900

During 2020-2024, the volume of income tax revenues and tax benefits has grown steadily. At the same time, the increase in GDP and state budget revenues has been in line with the increase in tax revenues and tax expenditures. This is the most significant change, indicating economic growth, increased profitability of enterprises, and an expansion of the tax base. Income tax revenues have doubled in 5 years.

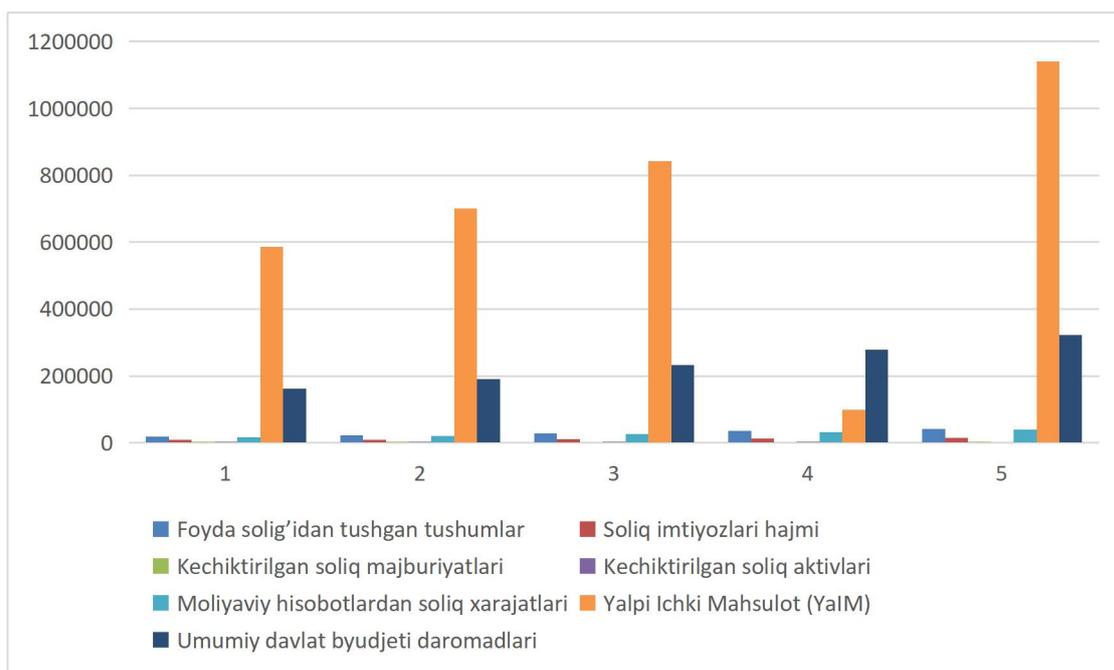


Figure 1. Corporate tax indicators

Key changes:

Increase in property tax rates: From January 1, 2024, property tax rates for individuals were increased by 10.7-12.2%. The minimum value per 1 square meter in Tashkent was increased from 2.5 million soums to 3 million soums, and in regional centers by 2 million soums.

New types of excise taxes: From April 1, 2024, an excise tax was introduced on carbonated and energy drinks. An excise tax of 500 soums per liter of carbonated drinks containing sugar was set.

Introduction of road toll: A road toll was introduced for trucks weighing more than 10 tons in the amount of 5 times the base calculation amount (1.65 million soums).

On value-added tax:

The exemption for the sale of medicines, medical and veterinary products has been abolished (from April 1). The "zero" rate for water supply, sewage and heat supply services to the population has been abolished. At the same time, the possibility of refunding the amount of value-added tax when purchasing medicines for citizens included in the social register through cashback has been introduced.

Other benefits:

Reduced tax rates for cement plants operating exclusively on coal have been abolished. The preferential tax regime for e-commerce has been abolished (income tax 7.5%, turnover tax 2%).

Table 2.

Corporate tax rates (in percentages and relative indicators)

Indicators	2020	2021	2022	2023	2024
Profit tax rate (basic).	15%	15%	15%	15%	15%
Profit tax to GDP.	3.1%	3.2%	3.4%	3.6%	3.7%
Share of profit tax in the state budget.	11.2%	11.8%	12.3%	12.7%	13.1%
Ratio of tax benefits to profit tax.	46.7%	41%	37.7%	35%	33.7%
Profit tax growth rate (compared to	-	23.4%	27.6%	23.6%	19.1%

the previous year).					
Deferred tax liabilities.	8.5%	8.1%	8.1%	8.1%	8%
Deferred tax assets.	5.8%	5.5%	5.7%	5.8%	5.9%
Share of enterprises using the GST system.	18.5%	22.4%	28.7%	34.8%	41.2%

In 2020-2024, the share of profit tax in GDP and the state budget has consistently increased, which indicates that tax revenues have increased in line with economic growth. At the same time, the share of tax exemptions has decreased, and the number of enterprises using IFRS (international financial reporting standards) has significantly increased.

Tax revenue dynamics in Uzbekistan

Value added tax: 74 trillion soums (23.5% increase compared to 2023).

Excise tax: 22.7 trillion soums (36.3% increase).

Profit tax: 108.3% implementation is expected.

Overall budget deficit: 4% of GDP.

The growth in value added tax revenues is associated with the following factors:

GDP growth of 5.6-5.8%;

Average inflation 8-10 percent;

Increase in tariffs for energy resources;

Increase in import volumes by 15 percent;

Cancellation of a number of tax benefits;

Impact on accounting reports

Reflection of income and expenses: According to the Law of the Republic of Uzbekistan "On Accounting", income and expenses are reflected in accordance with accounting standards in the reporting period, regardless of the time of payment and the date of receipt of money, regardless of the period to which they relate. Formation of financial statements: In 2024, the National Accounting Standard of the Republic of Uzbekistan (NAS No. 1) "Presentation of Financial Statements and Accounting Policies" was approved. This standard helps enterprises correctly calculate and reflect tax burdens in reports. Inventory and write-off: In accordance with BHMS No. 19 "Organization and Conduct of Inventory", approved on June 14, 2024, enterprises must conduct a mandatory inventory of assets and liabilities. Chart of Accounts: BHMS No. 21 "Chart of Accounts for Accounting in Business Entities and Instructions for its Application", approved on November 14, 2024, establishes the procedure for organizing tax accounting for enterprises.

Positive impacts: Stability of basic tax rates creates conditions for business planning.

Simplification of tax legislation reduces the administrative burden.

The introduction of digital technologies facilitates tax payments.

Negative impacts: The abolition of tax incentives increases the tax burden for some sectors.

New types of excise taxes lead to an increase in prices.

Increase in property tax rates increases costs.

CONCLUSIONS AND RECOMMENDATIONS

Stability of rates: The main corporate tax rates in the Republic of Uzbekistan remained stable in 2024, which is a positive factor for the business environment. Review of benefits: The abolition of tax benefits and the introduction of new types of taxes are aimed at increasing budget revenues. Financial reporting is becoming more complex: New accounting standards are making financial reporting more perfect, but they create additional requirements for enterprises. Adaptation to international trends: Uzbekistan's tax policy is developing taking into account international practice.

For enterprises:

Implement a system of regular consultations with tax specialists.

Rapid adaptation to changes in new tax legislation.

Improving the financial planning system from the point of view of tax impact.

Using digital technologies in tax accounting.

Compliance with national accounting standards.

For accountants and auditors:

Studying new accounting standards approved in 2024;

Properly managing differences between tax and accounting reporting;

Advising clients on the impact of tax policy changes;

Participation in ongoing professional development programs.

For government agencies:

Further stabilizing tax legislation;

Assistance in adapting to small and medium-sized businesses;

Introduction of a system for assessing the effectiveness of tax incentives;

Strengthening international cooperation and information exchange.

Directions for future research:

Forecast of tax policy development in 2025-2026;

Integration of digital technologies into tax and accounting processes;

Comparative analysis of corporate tax policy in Central Asian countries;

Interaction of sustainable development factors with tax policy;

In conclusion, corporate tax policy and its impact on accounting reports are an important aspect of the economy of Uzbekistan. Data for 2024 show that the tax system is trying to maintain a balance between stability and development. In order to operate successfully, enterprises need to quickly adapt to tax policy changes and implement effective financial planning systems.

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