



IMPROVEMENT OF TAX CONTROL AND ITS IMPLEMENTATION MECHANISMS

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Abstract

Keywords: tax, tax control, tax reform, tax burden, tax legislation, cameral tax control

This article presents fundamental changes made in the field of tax control based on the tax legislation, their nature, some problems and directions for improvement. Scientific studies of various scientists on the features of tax control have been studied. The role of innovations in the field of tax control in the free organization of business activities of honest taxpayers is highlighted. A scientific conclusion and practical recommendations on improving tax control are presented.

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INTRODUCTION

On the basis of tax reforms, most of the changes in the country's tax system relate to tax control. In order to improve the tax administration of our Republic, major changes were made in the new version of the Tax Code adopted on the basis of the law "On Additions and Amendments to the Tax Code of the Republic of Uzbekistan" adopted on December 9, 2019. In addition to the types and forms of tax control, the procedures for conducting it, as well as the system of selecting taxpayers involved in tax audits, were introduced. Fundamental reforms in tax control are based on the segmentation of taxpayers according to 42 criteria, that is, their grouping. It was stated by the President of the Republic of Uzbekistan that "in the newly revised Tax Code, it is necessary to provide incentives for honest and honest taxpayers, who are the backbone of the country's development, and to punish those who work in secret" [1]. Tax



authorities have developed measures to introduce a new procedure for tax audits based on information technologies. Based on this, taxpayers are divided into "conscientious", "suspicious" and "regular offenders" groups. Now, candidates for conducting tax audits are selected without the human factor, initially based on at least 42 criteria using the Risk Analysis program. When more than 437,000 enterprises operating by the State Tax Committee were divided into segments according to the level of risk, it was found that 1.7% of them fall into the "red corridor" using the risk analysis program. So, there are a lot of things to be done in tax control in our republic, and these measures are aimed at ensuring the transparency of tax control and preventing possible cases of corruption. Of course, despite the fact that tax control is a practical field as a part of tax administration, it is important to carry out scientific research and advice in this regard, and it is important to ensure the positive impact of tax policy on economic development.

LITERATURE REVIEW

Issues related to tax control are constantly in the attention of not only the government and taxpayers, but also researchers. First of all, we note that tax control is determined on the basis of the country's tax legislation. Dawat tax control in our country is carried out on the basis of the Tax Code of the Republic of Uzbekistan. According to it, "Tax control is the activity of authorized bodies to control compliance with tax legislation by taxpayers and tax agents. Tax control materials should be registered in the tax authority at the place where the taxpayer has an account in accordance with the procedure established by the State Tax Committee of the Republic of Uzbekistan no later than the working day after the end of the audit" [2]. O.V. Boltinova researched tax control as one of the main institutions of tax law and analyzed the classification of tax inspections and control by the state in foreign countries [3]. In his research, P. Christian paid special attention to tax risk management based on strategic tax control. According to his analysis, it was determined that the company strives to create its own tax environment in the conditions of state tax control, where the management and control system exists in multinational companies[4]. Y. Al-Karablieh, E. Koumanakos and S. Stantcheva researched the issues of operating in accordance with tax legislation by organizing tax



compliance in small enterprises. They came to the conclusion that tax compliance activities in small enterprises, on the one hand, ensure compliance with tax legislation, and on the other hand, serve to increase tax revenues [5]. In this case, we can emphasize that attention is paid to the timely and complete implementation of relations between the internal tax control and the state budget. S. Elmirzaev also emphasized that tax management is included as a part of financial management. In this case, the state and taxpayers are the main subjects in the management of relations related to taxes. In this case, it is emphasized that the internal tax control should be implemented from the point of view of preparation for tax audits [6]. In general, it should be emphasized that tax control and its impact on business have their own characteristics in each country, and this aspect is clearly manifested in business development.

MAIN DISCUSSIONS

According to the Tax Code, the activity of competent authorities to control compliance with tax legislation by taxpayers and tax agents is tax control. According to the legislation, there are two forms of tax control .

In turn, tax audits are carried out in order to control compliance with tax laws by taxpayers, fee payers and tax agents, and are carried out based on the study and analysis of information about the taxpayer available in the tax authorities. There are three types of tax audits.

Based on the analysis, economic entities are divided into 3 segments (green, yellow and red corridors) depending on the level of risk, and in case of deficiencies, a new camera inspection, mobile inspection and tax audit of the tax control are determined. Low-risk (green lane) businesses will never be subject to tax audits and will receive a high level of tax services. They include entities that fulfill their obligations on time, showing their real income in their tax reports. Enterprises with an average level of risk (yellow corridor) will be subject to only a camera tax audit, and these enterprises will be given the opportunity to correct their report to eliminate errors. Businesses in this category include those who are making tax accounting



mistakes and need tax advice. Camera control is carried out by an official at the location of the state tax service body without going to the presence of the taxpayer. Financial sanctions are not applied based on the results of a cameral tax audit, but a penalty may be calculated for additional taxes. Gives the taxpayer the right to independently eliminate tax violations identified by the state tax service authorities based on the results of camera control. According to the results of the cameral tax audit, a mobile tax audit can be appointed in order to study the authenticity of the supporting documents submitted by the taxpayer. Taxes based on the results of a mobile tax inspection are not calculated additionally. Tax audit activities are carried out in relation to enterprises with an extremely high level of risk (red line) and these enterprises are under constant control until they put their activities on the right track. This category includes taxpayers who constantly make mistakes in fulfilling their tax obligations, that is, they deliberately reduce the tax base for a certain period of time, refuse to pay taxes, use tax avoidance schemes, and falsify accounting documents and invoices. According to the results of the tax audit, additional taxes may be calculated and financial sanctions may be applied. The organizational aspects of tax control, the procedure for its implementation, despite the fact that certain clarifications are required in the tax legislation, are clearly stated. We would like to focus on some of its legal aspects in the implementation of tax control, that is, the aspects that are the basis for imposing fines on taxpayers or calculating additional taxes, its legal basis and how fair it is. In the new version of the Tax Code, the introduction of the requirements "Principle of cooperation of tax authorities with taxpayers" (Article 9) and "Due diligence" (Article 15), "Economic content of transactions and their legal formalization" (Article 14) in relation to taxpayers tax administration and as a part of it brought a unique attitude to the mechanism and practice of tax control. The problems observed in practice are related to camera tax audits, that is, the inconsistency of documents and the resulting problems. According to Article 138 of the Tax Code of the Republic of Uzbekistan, sending a request for corrections to the tax reports to the taxpayer based on the results of the internal tax audit, if the taxpayer does not send a clarified report, does not provide justifications for the identified discrepancies, or if this justification is found to be insufficient, the tax authority has the right to appoint a tax audit. shown as having Article 111 of the Tax Code also stipulates that in cases where corrections or corrections are not submitted within the



specified time period based on the results of the chamber tax investigation, when relevant documents are not submitted to the tax authority, the suspension of the taxpayer's bank accounts for a period of not more than ten days is determined by the head of the tax authority. The Tax Code does not specify measures for the issuance of a document and the application of financial sanctions based on the results of a cameral inspection. Initially, such measures were not applied based on the results of camera control. However, in the Regulation of the State Tax Committee, which was registered with the Ministry of Justice on May 29, 2020 with No. 3236, approved by the decision of April 30, 2020 No. 2020-14, "When the facts of violation of tax laws are detected during the Chamber tax audit, the relevant tax structure of the legal document" (paragraph 29). Also, the Regulation "On the Procedure for Organizing and Conducting Tax Audits" (Appendix 2) approved by the Decision of the Cabinet of Ministers dated January 7, 2021 No. 1 "On Tax Risk Management, Identification of Taxpayers with Tax Risk and Organization and Conduct of Tax Audits" of "Proceedings on tax offenses detected in the chamber tax audit" provides for the following. If, during the chamber tax audit, it is determined that the taxpayer has committed a tax offense for which liability is established in accordance with Chapter 28 of the Code of Civil Procedure, the official who conducted the chamber tax audit will draw up a document recording the cases of violations of tax legislation.

indicates a league. Another important innovation that causes additional tax collection in the activities of taxpayers during tax control is "for the purpose of taxation, all transactions and other economic relationships entered into by the taxpayer, regardless of the method of their legal formalization or the name of the contract, are taken into account based on their true economic content. necessary" (Article 14). Otherwise, the tax authorities have the right to change the status of the taxpayer, the nature of economic activity, and the economic content and results of real transactions are taken into account for calculating taxes. Fake transactions are not taken into account for tax purposes. If the taxpayer's sole or primary purpose is not to pay taxes and carries out operations or a sequence of operations, which consists of obtaining unreasonable tax benefits or reducing the amount of taxes, the use of tax reduction schemes and such actions are recognized as abuse of rights for the purposes of the Tax Code. In such cases, tax authorities are



given the right to ignore certain transactions or sequences of transactions that have signs of abuse of rights. It is also entitled to change the amounts of taxes to be paid in such a way as to exclude the effect of abuse. Determining the cases of abuse of rights, forgery of the transaction (forgery), as well as the application of their consequences, is carried out by the tax authorities, and in the case of the taxpayer's dissatisfaction, by the court at the request of the tax authorities. This issue is a somewhat complicated process, and it is necessary to take into account several factors specific to our economy: - it cannot be denied that there is a desire to avoid taxes, which is the main criterion for introducing this rule; - it is not correct to assess the tax reduction scheme as an abuse of rights, the right to do this within the framework of the law to the extent allowed by tax and legislation; - if the taxpayer disagrees with the recalculation of the transactions by the tax authority, it is established that the court will review them, however, taking into account that the court system in many cases unilaterally makes decisions in favor of the tax authority, in addition to improving tax control, the system of protecting the rights of taxpayers it is also necessary to develop. In this regard, development of the status and activity of tax assessors is currently of great importance; - it is worth mentioning that the assessment of transactions and operations as fake, forged, double-decreased (increased) depends on subjective factors, and in some cases, the abuse of rights is characteristic of the employees of the tax authority; - here it should be noted that easing the tax burden on small taxpayers will reduce these problems. Currently, very large monopoly enterprises and small enterprises are under the same taxation conditions. The obligations of the banking system to improve the optimality of tax control have been dramatically increased. Article 134 of the Tax Code specifies the obligations of banks related to the implementation of tax control. In particular, it is stipulated that the bank must inform the tax authority of its location in electronic form within three days about the opening (closing) of the client's account or deposit, the information about the changes in the details of the account or deposit. In the cases stipulated in the international agreements of the Republic of Uzbekistan, it can be requested from the bank by the tax authorities on the basis of the request of the authorized body of the foreign state. Also, in Article 109 of the Tax Code, it is stated that the obligation to pay the tax can be secured by a bank guarantee in the event of a change in the terms of the fulfillment of the tax obligation, and in the event that the application is not fulfilled within the



specified period, the tax authority should provide for the collection of the sums secured by the bank guarantee from the guarantor. The guarantor does not have the right to refuse to satisfy the request for payment of the sum of money under the bank guarantee to the tax authority. The obligation to pay tax by a legal entity of the Republic of Uzbekistan or a foreign legal entity can be secured by a bank guarantee of a foreign bank with a high rating of international rating agencies. In the Tax Code, which came into force in 2008, the issue of suspending operations on bank accounts of entrepreneurs was considered to be contrary to business rights, this practice was stopped and it was determined that this issue should be implemented only through a court decision. But the Tax Code, which entered into force in 2020, approached this issue differently. According to Article 111, the head (deputy head) of the tax authority may make a decision to suspend operations on the taxpayer's bank accounts for a period not exceeding ten days. Such a decision may be taken by the court based on the request of the tax authority. In this case, operations are suspended until a decision is made by the court. In the legislation, it is correct for the courts to issue a decision based on the "petition" of one party. Does this not mean that the tax authority has been given too much power? How harmful is the suspension of business activity even for 10 days to the economy, if there are 10-15 thousand such enterprises? According to Article 113 of the Tax Code, the decision of the tax authority to suspend operations on the taxpayer's bank accounts must be unconditionally implemented by the bank. The bank shall not be responsible for the damage suffered by the taxpayer (tax agent) as a result of suspension of operations on the accounts according to the decision of the tax authority.

CONCLUSION

With the practical application of the new version of the tax code, along with many reforms in the tax system, our republic made important changes in tax control. But in some cases, they cannot be said to be in perfect condition. In the initial results of their practical application, problems are observed and entrepreneurs are facing obstacles in their activities. In many cases, the emergence of such institutions is caused by disproportions in the economy, macro-level problems, problems in the money and credit system, problems caused by the



activities of monopolistic enterprises, that is, the loss of competitive environment in the economy, large opportunities for tax evasion in large monopoly state-owned enterprises, and in most cases, their punishment by tax authorities due to corruption . such as the fact that it is not possible. Also, the occurrence of situations requiring cashless transactions in small enterprises, high tax burden in relatively small enterprises, etc. In conclusion, it can be said that the tax control in the tax legislation covers the cases of tax avoidance by non-large taxpayers in a very wide and perfect way.

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