

## REGULATORY AND LEGAL FRAMEWORK FOR THE ORGANIZATION OF CAMERAL CONTROL IN THE REPUBLIC OF UZBEKISTAN AND ITS SIGNIFICANCE

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### Annotation

This article discusses the legal framework for organizing in-house control, which is an important part of tax control, the development of modern information and communication technologies and advanced automated methods for analyzing the tax administration process, effective mechanisms for preventing tax offenses, as well as organizing information support for tax control when checking tax reporting sources of income and issues of improving tax control.

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### INTRODUCTION

In the Republic of Uzbekistan, relations related to in-house control and its accounting are regulated by the Constitution of the Republic of Uzbekistan, the Tax Code of the Republic of Uzbekistan, the Code of Administrative Responsibility of the Republic of Uzbekistan, relevant resolutions and resolutions of the President of the Republic of Uzbekistan and decisions of the Cabinet of Ministers of the Republic of Uzbekistan.

### RELEVANCE OF THE RESEARCH TOPIC

When exercising in-house control in the Republic of Uzbekistan, Article 70 of the Tax Code is valid until 2020 (adopted in a new edition in accordance with the Law of the Republic of Uzbekistan "On Amendments and Additions to the Tax Code of the Republic of Uzbekistan" dated December 30, 2019 No. URZ-599) [1] a desk audit is carried out, in which the state tax service body without visiting the taxpayer on the basis of the study and analysis of the financial and tax reporting submitted by the taxpayer in the prescribed manner, as well as other documents (information) available in the state tax service body on the activities of the taxpayer. It is indicated that the type of control is carried out at the location. In addition, the purpose of a desk audit is to provide the taxpayer with the right to independently eliminate tax offenses identified by the state tax authorities based on the results of a desk audit.

If errors were made when filling out tax returns, or there are contradictions between the information indicated in the submitted tax returns and the information available in the state tax service, this is established by the state tax service in the process of a desk audit, the taxpayer is requested to make appropriate corrections, in writing, and you should also report everything through his personal account.

The bodies of the tax service carry out in-house control on the basis of Article 84 [1] of the Tax Code on the basis of information received from bodies and organizations that provide information on the occurrence of obligations for taxpayers. In this case, the bodies of the state tax service identify violations and inconsistencies without visiting the taxpayer and send the taxpayers a written request to eliminate the deficiencies on their own.

In the event of failure to present within the prescribed period the reasons for the differences identified by the taxpayer or the specified tax report, the state tax service body shall assess additional taxes and other obligatory payments by filing a lawsuit with the court.

Desk control was first established by the decision of the Tax Committee of the Republic of Uzbekistan dated May 29, 2020 No. 3236 "On approval of the Regulations on conducting desk tax audits" in accordance with the Tax Code of the Republic of Uzbekistan. (This decision is based on the decision of the State Tax Committee of the Republic of Uzbekistan dated April 27, 2022 No. 2022-14 "On the invalidation of certain departmental regulatory legal acts adopted by the State Tax Committee of the Republic of Uzbekistan" (list No. 3364, 29.04.2022.)). Except In addition, the database of external sources is based on Article 7 of the Law "On the State Tax Service"[2] information received from the relevant authorities and organizations, in accordance with Article 84 of the Tax Code[3] and the Decree of the President of the Republic of Uzbekistan dated October 30, 2012 "Bodies of the State Tax Service of the Republic of Uzbekistan Formed on the basis of information submitted to the State Tax Service by bodies and organizations that provide information on the occurrence of taxpayer obligations provided for in decision PP-1843[4] on measures to further improve the efficiency of the information and communication system.

In the course of in-house audit, the completeness of submission by taxpayers of all financial and tax reports to be submitted to the state tax authorities is studied.

## **THEORETICAL AND METHODOLOGICAL BASES OF RESEARCH**

Based on the experience of foreign countries in the Republic of Uzbekistan, work has been carried out on the effective use of taxes and mandatory payments received by the state budget as a result of in-house control, and sources of income from them, as a result of the direction of additional provision of the revenue part of the state budget, as well as the provision of funds that constitute the theoretical and methodological basis of scientific work.

## **MAIN RESULTS**

Desk tax audits are controlled and regulated under the new edition of the Tax Code of the Republic of Uzbekistan[3], Decree No. 1 of the Cabinet of Ministers of the Republic of Uzbekistan dated January 7, 2021 "On managing tax risks, identifying taxpayers (tax agents) who have tax risks, and on organizing and conducting tax audits" will be carried out and controlled in accordance with decisions No. 595 of September 22, 2021 "On measures to further improve the accounting of taxpayers and simplify the procedure for refunding value added tax".

Decree of the President of the Republic of Uzbekistan dated July 18, 2017 No. UP-5116 "On measures to fundamentally improve tax administration, increase the collection of taxes and other obligatory payments", the imperfection of tax control mechanisms, including the identification of objects of tax audit without conducting the necessary analysis, it is noted that this reduces the effectiveness of detection of violations and their early warning [5].

This Decree provides for the widespread introduction of modern information and communication technologies and advanced automated methods of analysis in the process of tax administration, a complete transition to electronic services for taxpayers, primarily business entities without direct communication, comprehensive assistance to taxpayers in fulfilling their duties, preventing tax offenses, development of effective mechanisms and improvement of the legal culture of taxpayers, the

use of modern methods of tax control identified important areas for reforming the system of state tax authorities.

Also, in Decision No. PP-3802 “On measures to radically improve the activities of state tax authorities”, it was specifically noted that in the Republic of Uzbekistan there is no full implementation of tax administration, determination of an additional tax base, rational use and practice of information and communication technologies, which allow to reduce the level of secret turnover in the economy [6].

In accordance with the Decree of the President of the Republic of Uzbekistan of June 29, 2018 “On the concept of improving the tax policy of the Republic of Uzbekistan” No. UP-5468 [7], a concept for improving the tax policy has been developed. As one of the main directions of the concept, it is envisaged to improve the forms and mechanisms of tax control, including the introduction of modern information and communication technologies that provide a more complete coverage and accounting of objects of taxation and taxpayers, as well as the introduction of a procedure for taxing transactions related to the formation of transfer prices.

The strategy for improving tax administration, approved by Decree of the President of the Republic of Uzbekistan No. PP-4389[8] dated July 10, 2019, has a number of shortcomings and problems that prevent the tax system from increasing business in investment activities, creating a healthy competitive environment and effectively implementing tax reforms. Inclusive:

- there are no uniform standards and software products that ensure the exchange of information between the taxpayer (tax agent) and the tax authorities;
- interdepartmental information interaction, which reduces the quality of tax accounting and reporting, hinders the expansion of the tax base and the provision of stable tax revenues;
- the mechanisms of public control aimed at reducing the level of the shadow economy, as well as encouraging the legalization of entrepreneurial activity, are imperfect;
- there are actual problems in tax administration, such as the lack of uniform standards and software products that ensure the exchange of information between the taxpayer and the tax authorities.

The main directions for solving these problems, taking into account the experience of foreign countries, are the introduction of modern methods for assessing risks and reducing the volume of secret turnover and uncontrolled income in the field of economic activity, supporting the exit (legalization) of persons operating outside the sphere of tax legislation from the informal sector. As one of the main objectives of the strategy, the formation of a tax control system based on a risk analysis system and remote analytical work, which allows to reduce interference in the activities of taxpayers, as well as the "human factor" in the state tax authorities and negative manifestations of corruption [8] (PP-4389, 2019).

These shortcomings and problems hinder the rapid development of the tax system, improve the efficiency of tax administration, collect taxes and mandatory payments at the required level.

In this regard, a strategy for improving tax administration was developed, which includes the following tasks.

Ensuring the stability of tax revenues to the state budget:

- ✓ Improving the quality of tax services provided by improving the professional skills of tax authorities and introducing digital technologies in tax administration;
- ✓ formation of a tax control system based on a risk analysis system and remote analytical work, which allows to reduce interference in the activities of taxpayers, as well as the "human factor" in the state tax authorities and negative manifestations in corruption cases. [8]

The concept of a desk tax audit is mentioned in Article 138 of the Tax Code of the Republic of Uzbekistan (2020) and includes a tax report submitted to taxpayers (by a tax agent), an accounting

report, as well as other documents available in the tax authority on the activities of the taxpayer.

The bodies of the tax service conduct an in-house investigation on information received from bodies and organizations that provide information about the occurrence of taxpayers' obligations under the Tax Code, ministries and responsible departments.

An in-house tax audit may be carried out in respect of tax periods for which the limitation period specified in Article 88 of the Tax Code of the Republic of Uzbekistan has not expired.

When conducting a desk tax audit, the tax authority has the right to request from the taxpayer (tax agent, third party) accounting documents, explanations to the submitted tax report and accounting documents, as well as other information related to the calculation and payment of taxes and fees in the manner prescribed tax code. [3]

If a taxpayer submits an updated tax report with the amount of tax calculated in accordance with the procedure provided for in paragraph 3 of Article 83 of this Code, before the end of the in-house tax audit, the in-house tax audit is carried out taking into account the submitted updated tax information.

If discrepancies and (or) errors are found in the submitted tax report at the end of the desk tax audit, the tax authority sends the taxpayer a request to make corrections to the tax reporting in the manner established by the Tax Code of the Republic of Uzbekistan.

It has been established that the date of filing an application for amendments to tax reporting is the date of completion of the tax audit. If the results of the study and analysis of discrepancies and errors are not identified, the desk tax audit is considered completed.

The taxpayer submits an updated tax report on the relevant taxes and fees or, in the case of submission of supporting documents, justification of the differences identified in the manner prescribed by the Tax Code, within ten days from the date of receipt of the application for corrections. [3]

Although it is necessary to repeat, to date, the database that collects data from external sources to increase tax collection is not being improved, timely and high-quality information is not provided to state tax authorities by officials and organizations, the tax obligations of the enterprise are not controlled by an effective method, desk tax audit is carried out by simple arithmetic operations, thanks to its implementation, tax control remains more dependent on the human factor [9].

An example of this is Article 134 of the Tax Code and the related Law on Bank Secrecy [3], Article 11 of which reads as follows:

“Information constituting banking secrecy is provided to the state tax authorities in accordance with the legislation on cases related to taxation of a client (representative) of a bank.”

Article 134 of the Tax Code provides as follows: [3]

At the request of the tax authority to provide information about the client of the bank, the bank is obliged to provide the tax authorities within three days from the date of receipt of the written request:

- 1) information on the availability of bank accounts of the client;
- 2) information on the balance of funds on the client's accounts;
- 3) statements of operations on the client's accounts;
- 4) other information related to the fulfillment by the taxpayer of tax obligations.

In conclusion, we can say that the tax is a subtle economic tool in the hands of the state, with the help of which the state can control the entire economy of the industry or the activities of individuals. The state of the economy largely depends on how effectively the state will be able to use the tax mechanism.

When conducting unverified experiments on the human body, leads to bad consequences. And not the

correct application in the economy of taxes in tax practices causes negative consequences. It is for this reason that constant research has been and is being carried out in scientific work to improve the tax mechanism in society.

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