

Improving the Mechanisms of Tax Regulation of Business Entities in Republic of Uzbekistan

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Abstract:

The article deals with the essence of tax regulation of organizations and improvement of taxation regulation mechanisms for taxation of business entities, the importance of taxation in the organizations with tax relations. There is currently a taxation mechanism in Republic of Uzbekistan and a case-by-case analysis. The article provides conclusions and recommendations on forming a taxation system in line with the new economic situation in the country.

Keywords: *tax, regulations, tax policy, tax rebate, tax services, tax regulations*

Introduction

The economic interests of entrepreneurial business entities, intersecting in the tax system, merge into taxes mediating economic relations that arise between the state and taxpayers. Taxes provide state revenues and regulate the activities of business entities through the redistribution of added value. This is the basis for the allocation of the distribution and control functions of taxes.

The process of taxation of business entities is carried out by the state in the person of the authorized tax structures and depends on the form of organization of their activities. The boundaries of regulation may vary and depend on the state of the economic situation. The tax system, affecting reproduction should stimulate the development of entrepreneurial activities.

LITERATURE REVIEW. Azrylian A.N. emphasizes that taxation is a set of measures that indirectly influences the state on the development of production by changing or minimizing the overall level of taxation, changing the rate of funds attraction to the budget from various special tax incentives for the expansion of entrepreneurship in a particular area or territory is present in his book (Azrylian, 1994).

"Tax regulation," writes Rayzberg B. A. "It is a measure of tax and fiscal adjustment, setting up tax incentives, reducing or amplifying the overall level of taxation, indirect impacts on the economy

and social activities through budget appropriations" (Rayzberg, 2011). It should be noted that B.A. Rayzberg explained the essence of taxes. It contributed to the development of the theory of taxes created by A.N. Azrylian.

Another Description of Taxation was explained by A. Gryaznova: "Taxation is a practical implementation of one or more of the tax policies. Effective taxation implies broader use of privileges " (Gryaznova, 2004).

Yutkina T.F: "Tax regulation is economic influence on investment processes, renewal of technology in the industry, budget balancing, and internal taxation relationships" (Yutkina, 2000).

Dukanich L.V: "Taxation is an integral part of the management process for the adoption of fiscal obligations and the taxation concepts that have been enforced" (Dukanich, 2010).

S. Barulin acknowledges tax compliance as a subjective activity of individuals in the use of tax regulations and in the use of different profitable coefficients in taxation and tax concepts in practice (Barulin, 2007).

ANALYSIS AND RESULTS. The tax system of the Republic of Uzbekistan, acting in accordance with the adopted Tax Code in 2007, enacted on January 1, 2008. has undergone significant changes, and the stabilization and emerging economic growth testify in general to the correct choice of the direction of development of the tax system and tax relations in accordance with the socio-economic situation. In this regard, it can be said that the methodological base of the tax system which has been created in Republic of Uzbekistan, includes the bulk of the rules governing economic relations in a broad sense. It should be noted that the new Tax Code allowed solving problems related to:

- with the strengthening of the regulatory framework governing relationships and relationships between entrepreneurs and individuals;
- with the development of a tax system that takes into account regional particularities and ensures a harmonious combination of national, corporate (collective) and private interests;
- with a reduction in the overall tax burden contributing to business development;
- with the formation of the budget, contributing to a better filling of its revenue side and maintaining an effective organization of income distribution across various levels of territorial administration;
- with the optimization of tax relations, involving the unification of tax systems, the procedure for calculating and collecting taxes and creating conditions for the rational movement of goods and services;
- with bringing the tax system in line with the state structure of the republic.

It should be noted that the instability of the tax system causes a violation of the optimal combination of taxation principles, in particular, the principle of equity. Preservation of the single tax system should determine the priority of decentralization of intergovernmental relations before their centralization. At the same time, in the taxation it is necessary to take into account the interests of the territory, the specifics of the socio-economic development of the territory, which presupposes the priority of the principle of decentralization. If this principle is violated, the necessary combination of economic interests of the state, regions and citizens is not achieved, which should be the basis of fiscal relations, which can lead to the spontaneous establishment of numerous local taxes and fees. Creating a flexible system of intergovernmental relations implies a certain parity between the republican and regional levels in taxation. This task is related to the problem of ownership and can be solved through a clear delineation of property rights, which will create

conditions for the formation of stable local budgets or deficit-free budgets. To do this, the local budget should have fixed taxes or a certain percentage rates for the formation of the revenue side, and this should be done on a long-term basis.

Thus, numerous problems in the field of taxation should be structured and combined into groups that would find expression in the Tax Code in force from January 1, 2019, in particular:

- normal relations and coordination of interests of local authorities and taxpayers;
- ensuring equality of taxpayers in tax deductions and the provision of benefits and preferences in accordance with scientifically based tax criteria;
- development of the regulatory value of tax legislation mainly by changing the methodology for calculating the main types of taxes (such as VAT, income tax for a number of sectors of the economy), in order to reduce the tax burden, especially small businesses;
- establishment of special tax regimes, lowering the rates of certain types of taxes for small businesses.

At the same time, there are flaws in the current Tax Code of the Republic of Uzbekistan, which manifest themselves:

- in the implementation of the regulation of tax relations, where the predominant place is given to fiscal approaches to the regulation of tax relations;
- in the decisions taken, which do not always rely on the results of scientific research;
- in the choice of methods for calculating taxes, because the methods for calculating taxes are not always focused on ensuring equal tax revenues in budget revenues at all levels and reducing costs;
- in strengthening tax administration, where the narrowing of the rights of taxpayers and tax authorities is deepening, since there is still no clear legal and regulatory framework governing these relations.

Among the objective factors affecting the optimal functioning of the tax system in reality include the following:

- the effect of the laws of competition, supply and demand, profit maximization, flow of capital, the triad "market-motivation-competition";
- the diversity of forms of ownership;
- clarity of the economy;
- the presence of capital markets, labor, housing, consumer goods and others.

Subjective factors include: 1) the professionalism of representatives of the legislative and executive authorities; 2) the willingness of the population to participate in government; 3) building a system for training specialists in the field of marketing, management, and jurisprudence.

The process of resource formation (through taxation) in the interests of society as a whole also allows linking the problem of the distribution of financial resources with the competitive advantages of the country. The taxation process can both contribute to and inhibit the formation of competitive advantage through:

- factor conditions, that is, those specific factors that need to be implemented for successful competition in the industry;
- conditions of demand, that is, what the domestic market demand is for products or services offered by this industry;
- availability of industries competitive in the international market;

- the company's strategy, its structure and competitors, that is, the conditions in the country that determine how firms are created and managed and what the nature of competition in the domestic market (Porter, 1993; Yutkina, 2000).

These factors are aimed at creating a competitive environment that allows, through taxation, to balance the interests of the state, economic agents, supply and demand. These approaches with appropriate adaptation are used in the current Tax Code. The economic environment formed with the help of optimal taxation will allow the economy to develop more dynamically by making better use of the existing factors determining the competitive advantages of the republic. The factors included in the national peculiarity of the economy are mutually reinforcing, each of them influences the others. Competitive advantage on the basis of a single raw material factor is possible only in industries with a strong dependence on natural resources or in industries that use simple technologies and techniques. However, the focus on only one raw material factor does not provide long-term strategic advantages. This situation contributes to the loss of benefits, as they easily move to other regions that have managed to use a sound business strategy. So, using the technology that involves the replacement of natural raw materials, the company imported it, deprives the competitive advantage of the enterprise-exporter.

In the economic literature, discussions in the area of substantiating the function of taxation have not yet subsided. Scientists and practitioners often, in addition to the fiscal and regulatory functions of taxation, allocate distribution and control, as well as sub-functions regulating: stimulating, restraining or disabling, reproduction purposes, stimulating social protection, social equalization of income (Chernik, 1997; Khudyakov, 1998; Zaynalov, 2002).

However, in the textbook "Taxes" ed. D.G. Chernik and tutorial of Zaynalov D.R. "Taxes and taxation" (in Uzbek) is allocated the distribution and control functions of taxes. There are other classifications. However, the functions of taxes as distributive and control, in our opinion, reveal the functional content of taxes and the importance of the tax system in ensuring the functions role of the state. The rest, i.e. stimulating, regulating, fiscal, etc., in our opinion, are manifested in the mobilization of funds to the state budget in order to create conditions for its effective functioning.

The development of market relations has led to the need to stimulate various industries and sectors of the economy, there is a need for government regulation of redistributive processes. In this regard, the value of individual taxes, for example, the regulatory value manifests itself into two forms of benefits and sanctions and is implemented through various tax policy instruments. Based on this, fiscal policy in our country and its implementation should be based on regulating the level of taxes and government spending as tools to stimulate the rate of creating new ones, improving and adapting existing factors to the needs of industries and territories, on the one hand, and supply and demand -with another. But for the implementation of this approach is not enough to use traditional tax mechanisms. In our opinion, to improve the tax system, it is advisable to use the methodological basis of a parametrically targeted regulatory method.

For improving the efficiency of tax regulation as a necessary condition for the implementation of an anti-crisis program involves finding the optimal combination of such methods as establishing a rational ratio of direct and indirect taxes; selection and establishment of the optimal tax rates; reasonable application of the tax benefits system; change of subjects and objects of taxation; change in the mechanism of calculation and payment of taxes, etc. These methods are not widely spread in Uzbekistan, but they have great potential in terms of their practical application in the Republic of Karakalpakstan.

Developing a model of optimal tax regulation, in our opinion, it is necessary to focus on the experience of those countries in which the role, scale and mechanism of state management of the economy in terms of borrowing for the Republic of Karakalpakstan is in the best interest of the republic as a whole.

The mechanisms of the parametric – target regulatory method most adequately reflects the requirements of sustainable development and involve the implementation of three successive stages. At the first stage, the existing situation in the fiscal sphere is assessed, at the second, a system of goals for improving taxation is being developed, at the third stage, effective mechanisms for achieving the goals are defined with specificity of certain parameters for individual factors.

To assess the role of taxes in the formation of the republican budget, it is necessary to determine the ratio between the amount of tax revenues to the budget and the total amount of budget revenues. The proportion of certain taxes determines their role in the formation of the republican budget. This ratio allows you to track the progress of payments, their receipt in the budget in order to make timely adjustments to the tax system. Comparison of such data also allows you to determine which type of tax is most inherent role of the fiscal regulator of budget revenues. At the same time, it is necessary to take into account the changes in the formation of the budget, which may occur in accordance with the current economic situation and may entail changes in the formation of the republic's budget, although, as you know, some taxes are reserved for the republican budget, others, fully or partially, for organs.

The most effective way to overcome the imbalance of the budget is macroeconomic programming, which includes the stages of assessing the existing situation, setting goals and identifying mechanisms to overcome them. To fully understand the situation and assess developments in the fiscal sphere, it is necessary to compare the indicators of the budget sector, in particular its revenue side, with the gross domestic product, which is the most common indicator for comparison.

The objectives of the fiscal policy of the Republic, undoubtedly manifest themselves through the stability of the balance of payments and come down to creating a relative equilibrium of the economic interests of all business entities, individuals and the state, as well as creating a taxation system in which all taxes function in a logical unity between themselves and the external economic environment. To achieve these goals, a radical transformation of the tax system is necessary, because in the process of its reforming, tax production becomes more complex, the relationship between taxes often disappears, which contributes to a loss of transparency and predictability of taxation procedures. For transparency of the tax system should not lead to an increase in administrative costs, a decrease in the level of consistency between the state and taxpayers. It follows that the complexity of the tax system can generate negative trends in the growth of taxpayers' debt. This makes it necessary to further improve the tax system in the context of the modernization of the economy.

Summary. Fiscal regulation, reacting promptly through the tax system to changes in tax relations and using methods from the basis of fiscal policy, should ensure continuous cash flow. This is possible if the tax system will meet economic conditions and focus on economic growth. On this basis, the taxation system should be built in accordance with the optimal model, the requirements of the economic characteristics of a particular territory, that is, correspond to the development of production factors, focus on the revival of domestic aggregate demand.

The optimal model, due to the existence of a set of optimality criteria, is a complex concept. It follows that, under the optimal model for regulating the elements of taxes and methods for their

implementation, the model that best fulfills the functions of taxes while maintaining a balance of interests (state, enterprises, population) is best suited.

The considered model should meet the requirements of tax optimization in terms of crisis management, should also be aimed at finding a rational option of direct and indirect taxes, taxes on businesses and individuals, the effective use of tax incentives, tax rates, etc.

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