



Theoretical and legal foundations of ensuring the execution of tax obligations in Uzbekistan

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Abstract: In this article, the normative-legal basis of the tax legislation of Uzbekistan is studied, the main focus is on the tax legislation and the role of taxpayers' obligations. Also, conclusions were drawn on common problems, including the need to improve the enforcement of tax obligations and tax evasion, to make tax legislation and tax rules clearer and simpler. At the same time, some important reforms were studied, and scientific and practical conclusions and proposals were developed on foreign experience and its application in our country.

Key words: tax liability, tax policy, tax revenue, analysis, indebtedness, efficiency, optimization, tax benefits, tax rate.

Enter.

Due to the widespread spread of digital technologies in the world, the globalization of markets, and the increasingly complex nature of financial transactions, the need to provide strong taxation mechanisms is growing. "State control can serve as an effective mechanism for ensuring tax security and compliance with tax obligations through integrated law enforcement tools and a strong tax administration system." Several factors related to the digital economy, e-commerce, tax evasion, behavioral economics, technology and data analytics, tax policy and administrative efficiency have increased the need to study and improve taxation mechanisms. is going.

Literature review.

In this study, we tried to study the scientific research conducted within the framework of the topic of improving the implementation of tax obligations.

Tax liability is the total amount of tax owed by an individual, corporation or other legal entity to the state. Income tax, sales tax, and capital gains tax are all forms of tax liability (Johnson, 2022).

The definition of tax liability is the amount of money or debt an individual or legal entity owes the government in taxes (Josephson, 2022). So, it is understood that tax obligations are moving towards tax evasion. That is, within the framework of this study, we will try to reveal the economic essence of the concept of tax evasion. Tax evasion is understood as a wide-scale activity carried out in order to illegally reduce the tax obligations of individuals or legal entities. Tax liabilities are a standard and legal aspect of tax systems, and tax evasion is the criminal act of fraudulently avoiding or reducing those liabilities.

Tax evasion has been common throughout history. The term "tax evasion" covers a wide range of activities by those who do not want to pay their fair share of taxes (Owusu et al., 2019). This is an attempt to break the law in order to reduce taxes. Understatement of income, overstatement of deductions, and manipulation of financial documents are examples of tax evasion strategies (Ozili, 2020). However, the amount of revenue lost due to tax evasion can be substantial in any country.

Most tax evasion research examines individual behavior in a specific context (Alm et al., 2019). It depends on individual factors such as moral, trust, attitude, perception, intention, awareness, culture, religiosity, knowledge and education. Personal income taxes are the most common lens



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through which this behavior is viewed, and most theoretical and empirical work on tax evasion has focused on personal income taxes (Efeeloo and Dick, 2018). Individuals can avoid paying income tax by underreporting their income, overstating deductions, allowances or credits, neglecting to file their tax returns on time, or even participating in tax avoidance swaps. . On the other hand, such behavior can certainly be charged in different taxes. Meanwhile, firms may underreport income, exaggerate deductions, or fail to file corporate income tax returns, just as individuals do with personal income tax. In the literature, economic factors are tax rate, financial constraints, income level, tax burden, corruption, economic structure, audit, penalty and unemployment. Richardson (2016) argues that non-economic factors have a greater impact on tax evasion than economic factors. Later, corruption and tax evasion are described as widespread problems. Corruption is a dishonest or criminal offense committed by a person or corporation in authority and authority to gain an illegal advantage or abuse power for personal gain (Khlif and Amara, 2019). Finally, unemployment is defined as those over a certain age who are not in paid employment or self-employment but are currently looking for work (Tabandeh and Tamadonnejad, 2015). According to research, unemployment is the main source of the underground economy.

In addition to the economic and non-economic factors mentioned above, other factors are also used by the most recent studies on tax evasion. The literature review presents some variables such as the impact of digitalization of public services, corporate social responsibility and information dissemination. First, governments around the world have followed the private sector in using the Internet to communicate with their citizens in recent decades, realizing that Internet technology can simplify and improve the efficiency of public services (Uyar et al., 2021). E-government is one of the most important ways to assess the extent of digital transformation of public services and is becoming an important measure of effective management (Shokrkhodaei, 2018). Further, CSR is a self-regulatory business model that helps a firm to be socially responsible to itself, its stakeholders, and the general public (Montenegro, 2021). Finally, a whistleblower is someone who discloses knowledge or conduct within a private, public, or government organization that is illegal, unethical, illegal, dangerous, fraudulent, or misappropriating public funds. Implementing whistleblowing systems increases detection by adding uncertainty to the likelihood of an audit (Masslet et al., 2019).

Research methodology.

In the process of analysis, statistical grouping of data, comparative and trend analysis methods were used. The article compares the scientific-theoretical views of economists aimed at ensuring the improvement of the tax administration.

Analysis and discussion of results.

Taxation is an important function of modern governments to ensure compliance with tax laws and to raise the revenue needed to finance public goods and services. Without effective enforcement, tax systems can fail, leading to lower public confidence and insufficient funds for government operations. Tax enforcement theory provides a framework for understanding the various strategies and mechanisms used to ensure compliance.

In the Republic of Uzbekistan, the tax system plays a decisive role in ensuring economic growth and development. Over the past several decades, significant economic reforms have been implemented in Uzbekistan, from a centrally planned economy to a market-oriented economy. As Uzbekistan continues its path towards economic liberalization and globalization, the question of how to introduce taxes is becoming urgent. Ensuring strong tax enforcement is not only about collecting



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funds, but also about maintaining equity in the distribution of the tax burden between individuals and businesses. The effectiveness and fairness of tax enforcement mechanisms directly affects the country's economic stability and social cohesion.

The theoretical foundations of tax enforcement include a variety of economic, psychological, and sociological perspectives that explain how and why taxation mechanisms are designed and implemented. These theories provide insight into optimizing tax compliance and minimizing tax evasion.

The traditional model of the economic deterrent suggests that tax compliance is related to the probability of detection and the severity of penalties. This model treats taxpayers as rational actors who weigh the costs and benefits of tax evasion¹.

The interactive theory of law enforcement integrates the role of tax authorities into the compliance decision-making process and views it as an interactive system. It states that enforcement strategies must take into account the dynamic interaction between taxpayers and tax authorities².

Responsive regulation advocates a balanced approach that combines strict enforcement with collaborative strategies. This suggests that tailoring compliance strategies to taxpayer behaviors and attitudes can enhance compliance³.

Tax morale refers to the intrinsic motivation of individuals to pay taxes, influenced by social norms, trust in government, and perceived fairness. Effective enforcement can increase tax morale, leading to higher voluntary compliance⁴.

Optimal tax liability models explore the trade-off between tax rates and enforcement actions to minimize distortions and maximize revenues. This suggests that some level of performance overhead is always acceptable⁵.

Concentrated enforcement theory suggests allocating scarce enforcement resources to high-risk areas to maximize compliance and returns. It emphasizes the psychological and empirical benefits of targeted coercive efforts⁶.

Tax compliance is a game model in which tax compliance is influenced by the behavior of others and the government's commitment to compliance. This illustrates the role of social dynamics in compliance decisions⁷.

The basis of the tax legislation of Uzbekistan lies in the Constitution, which defines the main principles of taxation, which includes the responsibility of individuals and legal entities to fulfill their tax obligations and the powers of the government to collect taxes. In addition, it ensures the protection of the rights of taxpayers.

The Tax Code, which serves as the basis of the tax legislation of Uzbekistan, defines a comprehensive

¹ Slemrod, J. (2018). Tax Compliance and Enforcement. NBER Working Paper Series. <https://doi.org/10.1257/JEL.20181437>.

² Graetz, M., Reinganum, J., & Wilde, L. (1986). The Tax Compliance Game: Toward an Interactive Theory of Law Enforcement. *Journal of Law Economics & Organization*, 2, 1-32. <https://doi.org/10.1093/OXFORDJOURNALS.JLEO.A036900>.

³ Leviner, S. (2009). A New Era of Tax Enforcement: From 'Big Stick' to Responsive Regulation. *IO: Regulation*.

⁴ Filippin, A., Fiorio, C., & Viviano, E. (2013). The Effect of Tax Enforcement on Tax Morale. *Bank of Italy Research Paper Series*. <https://doi.org/10.2139/ssrn.2405391>.

⁵ Kaplow, L. (1989). Optimal Taxation with Costly Enforcement and Evasion. *Public Economics: Taxation*. [https://doi.org/10.1016/0047-2727\(90\)90031-C](https://doi.org/10.1016/0047-2727(90)90031-C).

⁶ Osofsky, L. (2014). Concentrated Enforcement in a Best-Case Tax Enforcement Regime. *Criminology eJournal*.

⁷ Bruno, R. (2019). Tax enforcement, tax compliance and tax morale in transition economies: A theoretical model. *European Journal of Political Economy*. <https://doi.org/10.1016/J.EJPOLECO.2018.08.006>.



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framework for regulating taxation, which provides for various aspects such as tax types, rates, administration, as well as the rights and obligations of taxpayers. The Tax Code, which is evolving in line with changing economic conditions and international tax standards, is constantly being updated to reflect current realities and standards.

Taxation of Uzbekistan is carried out by various tax authorities, including the Tax Committee and its regional offices, as well as inspections in districts (cities). These bodies are responsible for calculating, collecting and enforcing taxes. They also provide guidance to taxpayers, conduct audits and manage tax refunds.

Every individual and legal entity engaged in economic activity in Uzbekistan must obtain a taxpayer identification number (STIR) and an individual identification number (JShIR). This unique identification number is used for tax reporting and legal compliance purposes. The Tax Code defines the rights and obligations of taxpayers. This includes the right to appeal tax assessments, access to relevant information on their tax obligations, and the responsibility to keep accurate financial records and file tax returns on time.

Types of taxes consist of existing taxes and fees in the country.

Tax obligations - these are tax audits, tax collection, fines, tax disputes, etc.

In order to prevent double taxation, and facilitate international trade and investment, Uzbekistan has concluded double taxation avoidance agreements with various countries.

In Uzbekistan, measures are being implemented to combat tax evasion and fraud, including reporting requirements, electronic document submission systems, and rules to combat money laundering.

At the same time, the lack of effective enforcement mechanisms can lead to tax evasion, which undermines efforts to collect taxes paid on earned income. This can encourage ineffective enforcement and informal or shadow economy activities. As a result of the fact that the tax administration is complex and full of ambiguities, as a result of the non-performance of a simple and simple tax mechanism, tax obligations may not be fulfilled within the specified terms, and economic indicators of business entities may be materially damaged or brought to the level of bankruptcy.

Problems related to the fulfillment of tax obligations in Uzbekistan affect the country's economic development. To solve these problems, the government will need to simplify the Tax Code, which will make it easier to comply with the law. The creation of a fair, transparent and efficient tax system that serves the interests of the population and the government of Uzbekistan is important for ensuring stable economic prosperity and stability.

In order to solve these problems and ensure economic prosperity and stability, it is important for the government of Uzbekistan to simplify the Tax Code, make it more convenient and understandable for taxpayers. In addition, there is a need for a stable and predictable tax policy that reduces the tax burden on businesses and individuals. Strengthening enforcement mechanisms, ensuring a fair, transparent and efficient tax system will benefit both the government and the people of Uzbekistan in the long term. These steps will help improve tax compliance, increase revenue collection and create a more conducive environment for economic growth and development. Low efficiency of collecting local taxes and levies collected by tax authorities in the fulfillment of the obligations of natural persons, the fact that taxes are still being collected from door to door using the old way of working, without using modern technologies to the full, the costs of tax collection are



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high, The inefficiency of collection costs in relation to collected taxes remains one of the difficult points of the tax administration.

When purchasing agricultural products from individuals, the relevant information (seller, type of purchased product, price, quantity, value) should be equated to the existence of primary documents when reflected in the information system of tax authorities;

Making it mandatory for catering establishments to issue ONKM paper checks to customers before settling the account with the Client. 1. Pursuant to Article 386 of the Civil Code, the purchase of agricultural products from individuals is formalized with a sales contract and acceptance-handover document.

According to paragraph 14 of Annex 2 to the decision of the Cabinet of Ministers No. 75 dated February 13, 2003, payment for the products served in all public catering establishments where the service is provided by waiters is provided by the bill issued by the waiter or cash register machines of the specified model, provided for by law. in some cases, it is done by check at online cash registers or virtual cash registers. 1. According to Article 378 of the Tax Code, income from the sale of agricultural products grown in a household or on a farm is not subject to income tax.

In practice, due to the fact that catering enterprises purchase agricultural products from different persons at the same time and due to the complexity of concluding sales contracts with individuals, there are cases of non-fulfillment of legal requirements in the import of purchased agricultural products. Today there are 16.2 thousand catering enterprises, their turnover in 2023 is 11.8 trillion soums, the volume of imported products is 9.5 trillion soums (of which 1.0 trillion soums are agricultural products).

2. Today, there are 15,500 public catering establishments, of which 2,400 have not been stopped for a month or more.

This procedure prevents situations such as refusal to issue NKM checks and provides an opportunity for honest taxpayers to submit one paper document instead of 2. That is, it avoids the presentation of settlement check initially and NKM check after payment and reduces paper costs.

Russian Federation on May 22, 2003 By amending the Law No. 54-F3 "On the use of control cash register equipment", it was established that it is obligatory for customers to issue paper checks from NKM to customers before making a payment in public catering establishments.

Conclusions and suggestions.

Problems related to the fulfillment of tax obligations in Uzbekistan affect the country's economic development. To address these issues, the government will need to simplify the Tax Code, which will make compliance easier. Pursuant to Article 386 of the Civil Code, the purchase of agricultural products from individuals is formalized with a sales contract and acceptance-handover document.

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Ensuring a fair, transparent and efficient tax system that benefits both the government and the people of Uzbekistan is important in ensuring economic prosperity and stability in the long term.

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