

PROBLEMS OF CALCULATION OF VALUE ADDED TAX IN THE TAX SYSTEM OF THE REPUBLIC OF UZBEKISTAN

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Abstract

This scientific article presents the value added tax, its place in the tax system of our republic and foreign countries, the stages of its development. It is based on the need to adopt a single rate of value added tax.

Keywords: tax, value, indirect taxes, value added tax, consumer, invoice, reporting period.

1. Introduction

As the President of the Republic of Uzbekistan Shavkat Mirziyoyev noted in his address to the Oliy Majlis and the people of Uzbekistan on December 20, 2022: "We will continue to work to reduce the tax burden on businesses without reducing budget expenditures and our obligations to the population and entrepreneurs. In particular, by reducing the value-added tax rate from 15% to 12% from January 1, at least 14 trillion soums will remain at the disposal of entrepreneurs. But tax cuts alone are not enough to improve the business environment [1].

In most countries, value-added tax is between 12 and 30 percent of government tax revenues, averaging 5 to 10 percent of gross national product.

Value added tax was first introduced in Uzbekistan in 1991 by the Law of the Republic of Uzbekistan "On taxes from enterprises, associations and organizations" [2]. To date, a number of significant changes have been made to the payment of this tax. In particular, the concept of the place of sale of goods (works, services) was introduced, the amount of VAT paid to suppliers of goods (works, services) was changed, the transition from determining the amount of VAT by the cash method to the accounting method, the improvement of concepts as an object and tax base, etc.

Value added tax is a type of indirect taxes that is paid by transferring to the budget a part of the cost of goods, works, services created at each stage of production of goods, works, services.

2. Literary Review

The analysis of scientific papers devoted to the research problem showed that foreign scientists and others have studied this topic. Among the foreign economists who conducted scientific research on the economic nature of the value added tax, its impact on the price of goods (services), one can name A. Smith, J. M. Keynes, J. S. Mil, I. Karaev [3].

Among the scientists of our country, Sh. Toshmatov, T. Malikov, Z. Gurbanov, F. Sharipov, M. Komilov contributed to the improvement of the value added tax, the mechanism for its implementation in the republic, its impact on foreign trade activities, scientific research was carried out on training of factors influencing the tax burden, effective organization of tax administration [4, 5, 6].

Today, the presence of gaps in the value added tax chain in the production and service sectors of the republic, a large number of benefits, price regulation of goods of national importance, the presence of various tax regimes affect the price of goods (services).

3. Research Methodology

The study used methods of economic analysis, rationality and grouping. In 2017-2021, the reforms implemented in our republic were analyzed in terms of creating a chain of value added tax and tax incentives, the impact of value added tax on socially significant goods (services) regulated by the state.

4. Analysis and Results

Value Added Tax is an indirect multi-stage tax levied on every cycle of the process, from production and distribution to consumer and sale. Its object is value added, that is, the value added to the cost of raw materials, materials or products purchased by a manufacturer or service provider to produce a new product or service. This tax limits all elements of the price of a product and encourages the producer to reduce production costs.

In the process of calculating the value added tax, the state receives information on the turnover of industrial and commercial capital, which facilitates macroeconomic regulation. In addition, the state will have the opportunity to receive income until the goods are sold to the population - the only and last payer of this type of tax. World practice provides for almost the same system for calculating value added tax. The payer pays the difference between the amount of tax for goods sold, work performed, services rendered from the buyer and the

amount of tax paid by the supplier for material resources, fuel and work, the cost of which is included in production. and turnover costs. If the tax payable turns out to be negative, that is, if this tax increases, the balance is included in future payments or, as is customary in developed countries, is covered by other amounts from the budget. A tax system based on value added tax allows for a tax split, as the tax is levied on all of the firm's sales, and taxes paid on intermediate purchases are later refunded from the total. Known as a "tax credit", this method allows the tax system to self-regulate, which improves the way taxes are collected.

The main advantage of value added tax is the ability to calculate the amount of tax payable at each stage of production. This allows, for example, the calculation of export tax credits and the prevention of distortions in the provision of export subsidies. In addition, the use of such tiered taxes reduces the tax on products produced within a single firm structure or business combination, and thus promotes the vertical integration of firms.

Payers of value added tax:

- o legal entities with taxable turnover;
- o legal entities importing works and services from non-residents, i.e. companies of foreign countries;
- o legal entities and individuals importing goods;
- o legal entities paying a single tax payment that voluntarily switched to paying value added tax;
- o partner (participant) legal entity entrusted with the conduct of its affairs (trustee) when making taxable transactions under a simple partnership agreement;
- o construction organizations - for objects sold on the basis of competitive bidding with the involvement of centralized sources of financing construction work.

From January 1, 2019, business entities whose annual turnover (gross revenue) at the end of the previous year exceeded 1 billion soums or reached this limit in the current year are subject to payment of value added tax [7].

Since 1998, the shipment of products (works, services) has been considered as the sale of goods. As a result of the very low level of incomes of enterprises and the population, during the transition to the current market relations, the state is forced to increase indirect taxes more. But if the state raises its spending to a higher level, this can have negative consequences. It should have a limit, economically justified to a certain extent, ensuring the financial condition of enterprises and the material standard of living of the population in a normal state. When collecting personal income tax (correct tax), the level of income of the

taxpayer, solvency and other considerations are taken into account. Such cases are not included in the value added tax. People who buy goods to meet their needs will pay this tax.

The amount subject to accounting is determined separately and (or) proportionally at the choice of the value added tax payer.

The chosen method of determining the amount of value added tax subject to accounting cannot be changed during the calendar year.

When applying the proportional method, the amount of value added tax subject to accounting is determined based on the share of taxable turnover in the total turnover. When applying the separate method, the VAT payer shall separately calculate the costs and amounts of value added tax on goods received for use for the purpose of taxable and non-taxable turnover. At the same time, the distribution of expenses for general business expenses, which cannot be kept separately, is carried out proportionally.

The value added tax overtook them in its role in the formation of the revenue side of the budget, the impact on the economy of the republic and enterprises, in determining the share of prices. Value added tax has become one of the main sources of the budget of the state of Uzbekistan from the time of its introduction to the present day. In past periods, the value added tax rate was reduced from 30 percent in 1992 to 18 percent by 1997, and since 1998 it has been set at 20 percent, and this rate was maintained until October 1, 2019. From October 1, 2019 [8], it has been reduced to 15 percent, and from January 2023 [9] to 12 percent. At present, the “zero” rate is also used in practice.

Table 1. Status of value added tax rates in the countries of the world

Continent	Average interest rate of VAT	High interest rate	Low interest rate
Europe	19,98	27,00	3,00
America	16,33	23,00	10,00
Asia	10,47	15,00	5,00
Africa	11,75	15,00	6,00
Australia	10,00	10,00	10,00

As can be seen from the table above, the countries with the highest value added tax rate are Hungary (27%), Denmark, Norway, Sweden (25%), while the lowest rate belongs to the island of Jersey (3%).

The value added tax in the Republic of Tajikistan and the Republic of Turkmenistan from the countries of Central Asia is 15 percent, and in other neighboring countries - 12 percent.

In general, the reduction of tax rates and obligatory payments, the improvement of the mechanisms for their collection will positively affect the reduction of the current tax burden and the timely receipt of payments to the budget. To date, in the process of taxation of small enterprises and micro-firms paying a single tax, problems arise in the procedure for applying, calculating and collecting value added tax, and it has been determined that small enterprises operating in this area can voluntarily switch to paying VAT.

Table 2. The role of value added tax as part of indirect taxes in our republic

Indicators	2017 year	2018 year	2019 year	2020 year	2021 year
Profit (excluding earmarked funds) – total	49681,0	79099,0	112165,4	132938,0	164680,3
1. Direct taxes	11539,4	15656,2	31676,8	45206,9	58930,4
2. Indirect taxes	26133,2	41280,4	46427,2	46428,4	56290,5
2.1 Value added tax	14685,8	27876,5	33809,8	31177,4	38439,0
3. Share of VAT in indirect taxes	56,20	67,53	72,82	67,15	68,29
4. The share of VAT in total revenue (excluding earmarked funds)	29,56	35,24	30,14	23,45	23,34

To switch to paying VAT, legal entities submit a written notification to the state tax service at the place of tax registration at least one month before the start of the reporting period (quarter), and newly created legal entities - before the start of the working period.

An analysis of the tax policy of recent years shows that the share of indirect taxes in the structure of state budget revenues is growing, while the share of direct taxes is decreasing.

As can be seen from the table, the share of value added tax in the total amount of indirect taxes tends to increase. For example, in 2017, the percentage of the amount of indirect taxes was 56.20 percent, in 2018 - 67.53 percent, in 2019 - 72.82 percent, in 2020 - 67.15 percent, in 2021 - 68.29 percent, or increased by 1.14 points. compared to last year 2020. On the other hand, the share of value

added tax in the total amount of income (excluding targeted funds) has been constantly decreasing in recent years. It was 35.24 percent in 2018, 30.14 percent in 2019, 23.45 percent in 2020, and 23.34 percent in 2021.

As of February 1, 2023, the number of VAT payers reached 173.4 thousand people and increased by 15.1% (22.7 thousand people) compared to the corresponding period of the previous year.

TOP 3 industries with the highest growth rates:

- information and communication services - 49.3 percent (thousand people);
- transport - 44.1 percent (1.7 thousand);
- provision of services - 26.6 percent (3.4 thousand).

TOP 3 industries with the lowest growth rates:

- agriculture - 5.4 percent (2.3 thousand);
- construction - 7.8% 1.5 thousand);
- trade - 15.4 percent (7.1 thousand).

Currently, more than half of VAT payers work in the following areas:

- trade - 30.8 percent (53.5 thousand);
- agriculture - 26.5 percent (45.9 thousand people).

5. Conclusions and suggestions

The mechanism for paying value added tax has been brought into line with international standards, depending on the intended location, with internal and especially external taxation. The adoption of a single rate of value added tax has greatly simplified the accounting and settlement processes. In addition, the introduction of the invoice system gave an automatic tone to the control of the calculation and calculation of taxes. However, the main problem - the problem of exemption from paying value added tax - remains unresolved. At the same time, one of the basic principles of taxation, the principle of fairness, is violated, since the tax burden of these taxpayers who buy products from those who do not pay this tax increases. Thus, in the matter of unification and simplification of the value added tax, the abolition of all privileges and exceptions related to it will be the main direction in the future. This tax is very convenient and "cheap" for the state. Because enterprises and organizations, regardless of whether they make a profit or not, enter the budget with the sale of goods, that is, it ensures the continuity of income to the budget.

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