



## THE ROLE AND IMPORTANCE OF VALUE ADDED TAX IN REDUCING THE HIDDEN ECONOMY

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### ABSTRACT

*Studying the administration of value-added tax in our country is also related to the improvement of value-added tax. The article analyzes the specific features of calculating the value-added tax base, some complications and problems in its determination, and focuses on issues of improving the formation of the tax base. In addition, based on the results of the changes and additions made in determining and calculating the value-added tax base, appropriate conclusions were formed and recommendations were developed.*

**Introduction:** Taxation is the main component of the financial policy of any country and plays a decisive role in generating income and ensuring economic stability. As a growing economy, Uzbekistan has adopted unique measures and practices in the field of taxpayer services and VAT administration. It is important to create a favorable environment for business entities in ensuring compliance with tax legislation in the country by providing general information about the procedure for providing services to taxpayers and specific aspects of the VAT administration in Uzbekistan. In addition, Uzbekistan's approach to taxpayer services and VAT administration is evolving in line with global trends in digitization and international trade. This allows to comprehensively study the specific characteristics and consequences of enterprises operating in Uzbekistan.

The Decree of the President of the Republic of Uzbekistan on May 7, 2021 "On Measures to Further Simplify the Regulation of Passenger Transportation" in order to legalize passenger transportation, one of the areas with the highest share of clandestine activity, accepted. With this decision, from September 1, 2021, individual carriers will carry out their activities only using the services of aggregators and the conditions for using the services of aggregators have been determined. In addition, strengthening of tax control in the construction sector, development of cashless payments and prevention of money laundering, strengthening of tax control in the field of e-commerce, temporary suspension of the VAT payer's certificate for "suspicious" enterprises, as well as for gross tax offenses projects on strengthening of punishment measures were developed. As a result of the implementation of measures in this direction, the level of voluntary payment of taxes was increased from 83% to 96%, which can certainly be considered a positive situation.

Secondly, the decision of the President of the Republic of Uzbekistan dated October 4, 2021 No. PD-5252 "On additional measures to improve the use of cash register equipment in the field of retail trade and services" on the basis of January 1, 2022, in order to reduce secret circulation in the economy, as well as to implement effective public control in this area, digital instruments of public control (1% cashback on purchase checks and appeals through the "Tax Partner" system regarding violations) 20 percent incentive) was introduced.

As a result of this, as a result of the introduction of the reward system, 121,100 applications were received through the "Tax-partner" system in January-October 2022. 59.9 thousand (98 percent) of the 61.1 thousand inspections conducted on the basis of the appeal were confirmed, and 29.5 billion soums of the fines were paid as a result of 45.9 thousand inspections. Through the introduction of "Cashback" and reward systems, a positive result was recorded in the form of an increase of 1.6 times (an additional 47.6 trillion soums) of turnover through the online control cash register technique from the beginning of the year compared to the corresponding period of the previous year. .

Thirdly, online cash registers and virtual cash registers were used. As a result, 221,900 online cash registers have been installed today. By fully equipping trade facilities with online NKM, tracking the movement of goods, comparing their customs and market values, studying the price situation in the market, remotely monitoring the turnover of goods, and automatically forming the volumes of sales in electronic invoices and tax reports. allows to ensure continuity.

Fourthly, in order to prevent the illegal importation, production and sale of certain types of goods to the republic, to ensure their effective accounting, as well as to increase the collection of taxes and other mandatory payments, the marking of certain goods is gradually being introduced. From April 15, 2022, the gradual introduction of the mandatory digital marking system for household appliances began. Starting from September 1, 2022+, the mandatory digital marking system for medicines and medical supplies has been gradually introduced. 2023 year

Starting from July 1, the gradual introduction of the mandatory digital marking system for water and soft drinks has been established.

As a result, digital marking system was gradually introduced in all processes of sale of alcohol, tobacco and beer products. Also, a total of 1,736 million pieces (945.2 million pieces - tobacco, 462.7 million pieces - alcohol and 328.1 million pieces of beer) branded products were produced and sold.

A total of 21,414 types of products (6,345 alcohol, 857 beer, 1,685 tobacco) are included in the "Product Catalog", which collects information on digitally marked products (name, size, production date, photos). information is included. As a result of the introduction of the system, it was observed that the sales indicators of 51 alcohol production enterprises increased by 7% compared to the corresponding period of last year, 8 imports increased by 47.6%, and 26 beer producers increased by 11%.

In accordance with the decisions of the Cabinet of Ministers No. 148 and 149 of April 2, 2022, the implementation of digital marking systems for household appliances (April 15, 2022) and medicines (September 1, 2022) is ongoing. A total of 2.8 million by 17 manufacturers and 25 importing enterprises. units - digitally marked household appliances are produced. A total of 10.1 mln. was received by 25 domestic drug manufacturers and

representative offices of 25 foreign manufacturers. units - digitally marked drugs are produced.

Based on the analysis, in 2021-2022 tax authorities submitted applications to Economic Courts in 37,189 cases amounting to 8,152.2 billion soums. In 4,165 cases (11%), applications for 3,717.2 billion soums (45.6%) were rejected and resolved in favor of taxpayers. In 2022, 869 taxpayers are included in the group of taxpayers with a high tax risk due to the disproportion of the purchased goods to the nomenclature of the goods being sold and the tax debt of 1.12 trillion soums. operation is temporarily suspended.

All of these taxpayers are subject to a tax audit. In the process of camera tax inspection, 161 mobile tax inspections were organized, and additional taxes of 276.7 billion soums were assessed to the entities that allowed a shortage of goods. 51 companies suspended their activities without paying 138.4 billion soums of the calculated additional taxes. 38 of them were declared bankrupt and their debts were written off. 869 1.12 trillion soums of debts have not been paid due to the lack of property and funds, despite the fact that the mandatory collection measures have been taken. 136 of them were returned to the tax authority without execution due to the lack of assets of 136 of them due to the lack of property. As of January 1, 2024, there are 4,093 enterprises that have suspended their activity without paying taxes due to such clandestine activities, taking illegal profits, and their debt to the budget amounted to 7.8 trillion soums. As of January 1, 2023, as a result of the opening and operation of 3,617 similar enterprises, the tax debt increased by 3.4 trillion soums, and the debt of secretly operating enterprises amounted to 5,285 trillion soums. . Due to the lack of funds, property and assets of these debtor taxpayers, the debt of 178 taxpayers amounting to 864.0 billion soums was written off by opening a bankruptcy case. 316 of them were brought to the court to open a bankruptcy case for debts of 1.0 trillion soums. 2 to 10 legal entities engaged in secret activities were opened in the name of 107 citizens, and as a result of their activities, tax debts of 1.1 trillion soums were created, and the activities of companies were deliberately suspended. was investigated by the authorities and referred to the court verdict.

In some studies carried out in Uzbekistan, it was concluded that the reasons for the activity of the secret economic sector are related to the characteristics of the economic system. It is noted that it originates from the specific conditions of the economic situation of individual countries, sectors, markets and enterprises, and as the most important reasons:

Firstly, imbalances in the development of the financial and credit system (excessive taxation, currency black market, etc.), secondly, the lack of well-developed economic infrastructure (slowness of transport logistics), thirdly, structural imbalances in the economy (low processing sector), fourthly, monopoly in the economy. increase (violation of the principles of competition), fifthly, the strong social stratification of the population (increased real unemployment rate), sixthly, the deterioration of the financial situation of enterprises (increasing the assigned rent, etc.), seventhly, the problems of state regulation (various licenses, the presence of unforeseen costs in obtaining certificates and permits, difficulties in drawing up relevant documents) are acknowledged.

From the analysis of the distributed information on the share of the secret economy, it can be seen that its share is still high and is typical for all countries. The secret economy is an activity that is carried out outside the control and supervision of the state. This phenomenon is complex and understudied, but it is widespread and covers all areas of society, and the

shadow economy affects the reproductive sector, where tax revenue can be avoided.

It should be said that the main priority for reducing the size of the secret economy is the reform of the tax administration system. Thus, on June 29, 2018, the decree of the President of the Republic of Uzbekistan "On the concept of improving the tax policy of the Republic of Uzbekistan" was adopted. The main directions of this Concept are as follows (reducing the level of the tax burden on the economy of the Republic of Uzbekistan, as well as eliminating the disparity in the level of tax burden between business entities paying taxes under the simplified and universal taxation system; by unifying the number of taxes optimization, as well as unification of taxes with the same tax base, reduction and simplification of tax reporting, ensuring the stability of the macroeconomic situation, the stability of the formation of the State budget of the Republic of Uzbekistan, and the wide introduction of modern information and communication technologies , introduction of the procedure for taxation of transactions related to transfer pricing). Also, on October 30, 2020, the decision of the President of the Republic of Uzbekistan "On organizational measures to reduce the hidden economy and increase the efficiency of tax authorities" was adopted. On the initiative of the head of our state, the rate of value added tax was reduced to 15% from October 1, 2019, and this rate will be reduced to 15% in 2023.

From January 1, it was set at 12 percent. An electronic invoicing system was introduced, which made it possible to identify up to 20% of enterprises that previously evaded paying VAT. As a result, the number of enterprises paying VAT increased significantly. As of January 1, 2019, some types of taxes in circulation have been canceled (allocations to state special funds). Despite the cancellation and significant reduction of rates for many types of taxes and mandatory payments, tax reforms have a positive effect on the country's economy.

Given that corruption crimes and the underground economy are closely related, the fight against corruption is seen as an effective measure to reduce the underground economy. The adoption of the Law of the Republic of Uzbekistan "On Combating Corruption" dated January 3, 2017 is one of the first steps in this regard. This law was adopted in order to regulate relations in the field of fight against corruption and provided direct action norms, as well as defines the main directions of the state policy on fight against corruption. 2017 of the President of the Republic of Uzbekistan in order to ensure the effective implementation of the provisions of the Law of the Republic of Uzbekistan "On Combating Corruption", timely and high-quality implementation of measures to prevent corruption in all spheres of society and state life The decision "On measures to implement the provisions of the Law of the Republic of Uzbekistan on Combating Corruption" dated February 2 was adopted. With this decision, the state program for combating corruption was approved, and the Republican Interdepartmental Commission for Combating Corruption was established and its main tasks were defined.

### **Conclusions and suggestions.**

Implementation of the automated system of determining the market price of goods (services) without a human factor in order to create equal conditions for business activities aimed at reducing the hidden economy, serves to ensure the principle of fairness of taxes and prevent unjustified tax evasion.

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