



PROSPECTS FOR THE INTRODUCTION OF MODERN
TECHNOLOGIES IN IMPROVING TAX
ADMINISTRATION

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Abstract: *This article describes the improvement of the administration based on bringing services to business entities to a new level, further increasing the tax administration literacy of the population, supporting entrepreneurship, creating an equal competitive environment and guaranteeing the rights of consumers, and encouraging the active participation of the general public in curbing the underground economy. In recent years, countries around the world have been paying special attention to the implementation of various mechanisms to prevent and reduce tax evasion by taxpayers when developing their short-term and long-term budget-tax policy strategies. At the same time, conducting scientific research aimed at reducing illegal financial flows, analyzing the factors that cause tax evasion by taxpayers, reducing the hidden economy, and focusing on the scientific and theoretical aspects of tax evasion processes remains one of the priorities. At the same time, the fields were studied, foreign experience, scientific-practical conclusions and proposals were formed on its application in our country.*

Key words: *tax revenues, analysis, risks, efficiency, digital platform, methods and tools, advanced information and communication technologies, analysis, optimization, tax benefits, tax rate.*



Introduction. In the uneven movement of financial flows in the world, there are frequent cases of taxpayers seeking various ways to avoid paying taxes and using them for their own interests. According to estimates by the United Nations Conference on Trade and Development, developing countries illegally transfer financial resources worth 100 billion US dollars per year to other regions in the form of "profit shifting" practices, creating tax evasion within the national economy¹. Tax revenues lost as a result of various forms of tax evasion, the use of tax minimization schemes in developed and developing countries, and the ineffective use and reinvestment of profits received by taxpayers, also amount to 250-300 billion US dollars per year.

Tax administration is a system of mechanisms that is crucial for ensuring the effectiveness of the state's tax policy. Improving this system will not only increase tax revenues, but also create a favorable fiscal environment for business entities. During the tax reforms underway in Uzbekistan, conducting tax administration on the basis of a scientifically based, information technology-based and efficiency-oriented methodology is of urgent importance. In recent years, digitalization processes have accelerated in the field of tax administration. In particular, the system of electronic communication with taxpayers has been strengthened through the "E-Soliq" and "MySoliq" platforms, electronic invoicing has been made mandatory, a risk-based system for selecting tax audits has been introduced, and VAT refund mechanisms have been automated. Although such reforms are important steps in improving tax administration, a number of problems remain from the point of view of the methodological approach.

In particular, the administrative burden of some types of taxes is still high, there are shortcomings in the equal and fair distribution of the tax burden,

¹ Организация Объединенных Наций. A/HRC/31/61. Окончательное исследование по вопросу о незаконных финансовых потоках, правах человека и Повестке дня в области устойчивого развития на период до 2030 года международных финансовых обязательств государства для полного осуществления всех прав человека, в частности экономических, социальных и культурных прав.



tax avoidance schemes (business division, hiding activities through legal entities) are encountered, and accurate accounting of the object of taxation is insufficient.

Tax administration is a set of theoretical and practical approaches used to plan, implement and evaluate activities in a particular area in the areas of improving the methodology. The methodology for improving tax administration should be based on several principles, which are: fair distribution of the tax burden, creating relief for the service sector by introducing a differentiated VAT rate, revising the criteria for transition to a generally established regime, and assessing the effectiveness of tax incentives and their processing. It is advisable to introduce a “digital monitoring” system for specific regions and sectors, automate risk assessment using risk analysis, and fully electronicize VAT refund processes.

To improve the skills of tax administration employees, it is necessary to organize regular retraining and retraining courses for tax officials, and improve the introduction of manuals on ethics, responsibility, and prevention of conflicts of interest based on international experience. The main expected result of this is an increase in state budget revenues (in particular, at the expense of VAT and income taxes), a reduction in the share of the shadow economy, an increase in legal literacy and fiscal discipline of taxpayers, strengthening trust in the tax system, and a reduction in inequality in the tax burden. The process of improving tax administration in Uzbekistan should be carried out not only through reforms, but also through scientifically based methodology. This methodology should include modern information technologies, economic analysis, tax psychology, and legal approaches. By creating a transparent, predictable, and fair administrative environment for taxpayers, it will be possible to further improve the business and investment climate in the country.

If we pay attention to the analysis, the practice of electronic registration of freight and transport waybills was introduced in Belarus in 2014, in Turkey



in 2020, in Kazakhstan in 2021, and in Russia in 2022. In Uzbekistan, a mandatory electronic registration of freight and transport waybills was introduced for large taxpayers from January 1, 2024, and for all taxpayers from July 1, 2024. In order to improve tax administration, we have developed rules for the registration of electronic freight and transport waybills.

“Based on experience, from October 15, 2018, the practice of issuing freight and transport bills of lading in electronic form has been introduced for entrepreneurs in Tashkent, Navoi and Syrdarya regions.” To date, 582 entrepreneurs have issued 39.7 thousand electronic freight and transport bills of lading worth 701.5 billion soums. The opportunity to track the delivery of goods in real time, issue a freight and transport bill of lading at any time and place, and verify the authenticity of information using a special QR code using a mobile application is being created. Today, 195 citizens have freight transport, of which only 3 thousand are engaged in official freight transportation activities, and 33 thousand employees of transport enterprises service 88 thousand freight transports.

Analyses show that it is possible to provide 217 billion soums of revenue to the budget through legalization of entrepreneurial activities of citizens and employees of enterprises. It is stipulated that the information contained in the consignment notes issued in electronic form will be protected. In practice, for each shipped goods, the consignment note is issued in 4 copies in paper form and must be kept by the consignor and consignee for at least 5 years. The time spent on document processing in entrepreneurial activities is saved, the turnover of paper documents is reduced, and the exchange of information between entrepreneurs is digitized. As a result of transferring the consignment note from paper to electronic form, an average of 200 thousand entrepreneurs will save more than 16 billion soums in material consumption and costs associated with their storage per year.



Assessment of the financial stability and business potential of business entities is important for understanding the general state of the country's economy, forming an investment climate, and determining fiscal policy. For this purpose, it is necessary to develop a methodology for assessing the level of stability of business entities by rating them.

The formation of the sustainability rating of business entities and its technical support are carried out directly by the State Tax Committee. This rating is updated automatically every day based on information received from the existing information systems of relevant state bodies and departments and is constantly made available to the public on the official web platform of the Chamber of Commerce and Industry. In the process of forming the rating, existing information about business entities is constantly analyzed and their activities are evaluated based on specially established standards. The assessment takes into account the points set for each criterion and forms the overall rating result. The criteria and the points assigned to them are determined on the basis of the Regulation, and the overall score is calculated based on the total of these criteria. The rating results are communicated to the business entity through the personal account within one business day from the moment the assessment is carried out. If there is a change in the rating level, updated information about this is also sent to the entity. If the entity has an objection to the rating results, it has the right to apply to the relevant tax authority through its personal account. The submitted objections are considered within 10 working days, and if they are found to be justified, the database is corrected and the updated rating results are sent back to the entity. The Chamber of Commerce and Industry monitors the reliability, openness and timely response to appeals of this rating system. This rating applies only to business entities with the status of legal entities.

The general criteria for assessing the economic activity of business entities, their financial stability and their relationship with the state serve to



determine the level of trust in them and provide them with effective fiscal and administrative support.

The practical steps of this methodology are, first of all, data collection, which is the automatic receipt of information from tax, statistical, banking, judicial and other sources. Through the assessment in the analytical system, scores are calculated for each criterion using an automated algorithm. Scores for all criteria are calculated according to their weight and an overall rating is determined on a 100-point scale. Classification into rating categories is 81–100 points - highly stable, 61–80 points - moderately stable, 40–60 points - unsatisfactory, and 0–39 points - a dangerous situation. The advantages of this methodology are automated analysis - minimizes the human factor, is updated daily - ensures relevance and serves for an accurate and objective assessment of the activities of legal entities. The user has the right to object to the assessment through a special personal account.

Tax audits are not conducted on the activities of business entities with a rating of “AAA” (except for audits conducted within the framework of initiated criminal cases), and the amount of value added tax paid to these entities is reimbursed (refunded) within one day without audits. For those with a rating of “AA” and higher, when a down payment of at least 15 percent is made in one go on state assets and non-agricultural land plots sold in installments to business entities with a rating of “AA” and higher operating in districts of categories 4 and 5, annual interest at the rate of the Central Bank’s base rate is not accrued on the remaining amount, and the installment payment period is extended to 5 years.

For business entities with a rating of “A” and higher, the refund of the amount of existing overpayments for all types of taxes (except for value added tax) will be carried out within three days, and a procedure will be applied that allows for the mutual offset of the amounts of value added tax paid when importing goods and selling goods (services). For example, in the 4th quarter





of 2025 alone, 2,607 out of 11,525 enterprises with a rating of "A" and higher had overpayments of 756.4 billion soums. These envisaged incentive measures do not apply to state-owned enterprises and legal entities with a state share of 50 percent or more in their authorized capital. For example, according to the application of "Tashkent Ta'mir Temir Beton" LLC dated May 13, 2024, the VAT amount of 883.9 million soums was reimbursed in one day. The company currently has overdue receivables under 4 export contracts in the amount of 232 thousand US dollars, and 238.7 million soums of VAT was incorrectly reimbursed (the company's current stability rating has changed to "BB" category). The application of "Majid Said" LLC (Tashkent city), which is engaged in wholesale trade, for 4.0 billion soums, and "Max Plus Way" LLC (Tashkent region) for 3.9 billion soums of VAT was filed on May 29, 2024, due to artificial overdrafts. "Lazziyo Agrotraid" LLC (Fergana region), which exported agricultural products, filed an application on May 22 for reimbursement of VAT of 644.0 million soums generated in 2024, stating that this negative difference was taken into account from "doubtful" enterprises.

Conclusions and recommendations.

The level of integration of existing databases in the Uzbek tax system is insufficient, which prevents full control of the financial activities of taxpayers. It is necessary to introduce a risk-based analysis system instead of traditional audit approaches to identify suspicious taxpayers. Expand the ability to automatically identify hidden income by introducing analytical models based on artificial intelligence into the activities of tax authorities. Develop a "tax reliability rating" system that assesses the activities of taxpayers, thereby establishing a practice of encouraging and classifying them into risky categories. Strengthen the mechanism for exchanging information with banking, customs and financial supervision authorities for the early detection of suspicious transactions. Train tax authorities on tax risk analysis, working



with digital data and using artificial intelligence algorithms through ongoing training programs.

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