WAYS TO IMPROVE THE ACTIVITY OF TAX AUTHORITIES AND ASSESS THEIR EFFICIENCY IN TAX AUDITS

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Abstract: *This article analyzes the priority areas of improving tax administration in the Republic of Uzbekistan, in particular, the issues of digitization of the tax system, implementation of international standards (OECD) and optimization of tax control. During the study, specific solutions were proposed to reduce the human factor in selecting candidates for tax audits, accelerate analytical processes using "Big Data" technologies, and expand the tax base in the field of e-commerce. It also covers mechanisms for reducing the administrative burden by introducing a tax monitoring system for large taxpayers and establishing cooperation with taxpayers based on mutual trust.*

Keywords: *tax administration, digitization, OECD standards, Big Data, tax audit, tax monitoring, e-commerce, transfer pricing.*

Introduction. In modern conditions, ensuring the economic security of the state and the stable formation of budget revenues directly depend on the efficiency of tax administration. As part of the large-scale economic reforms being implemented in Uzbekistan, modernization of the tax system, fair distribution of the tax burden and reduction of the share of the "hidden economy" remain one of the urgent tasks. Today, in world practice, tax administration is becoming not just a tax collection mechanism, but an intellectual system based on high technologies and data analysis. Uzbekistan, not lagging behind these global trends, also aims to bring its tax legislation into

line with international standards, in particular, the requirements of the Organization for Economic Cooperation and Development (OECD). However, the rapid development of the digital economy, the increase in the volume of e-commerce and the complexity of financial transactions require updating the current tax control methods. In particular, there is a need to improve the information and resource base of tax authorities, introduce analytical systems such as OLTP and OLAP, and expand the tax base through automatic monitoring of bank turnover. The purpose of this article is to identify existing problems in the tax administration of Uzbekistan and develop scientific and practical proposals for the application of innovative solutions to eliminate them.

Employees of the structure of the state tax service body conducting a tax audit perform the tasks of entering data related to the registration of tax audit materials into the automated information system called “Tax Audit Accounting”. Simultaneously with the registration, the auditors check and confirm the correctness and accuracy of the data entered into the automated information system “Tax Audit Accounting”.

In order to improve the assessment of the effectiveness of the activities of tax inspection departments by tax authorities, during the conduct of tax audits, they comply with the Tax Code, the Regulation on the Procedure for Organizing and Conducting Tax Audits, approved by Resolution No. 1 of the Cabinet of Ministers of January 1, 2021, and other regulatory legal acts.

In addition, when conducting a tax audit, the auditor must study the taxpayer's accounting, financial, statistical, banking and other documents, data, tax and financial reporting data, and pay special attention to the full reflection of the sales of goods and manufactured products and the volume of work performed in the tax reports. Employees of state tax service bodies who are close relatives of officials of the taxpayer being audited may not conduct a tax audit of these taxpayers. Before starting the audit, if a conflict of interest (the

tax employee and the taxpayer are in close contact with each other or have a family relationship) has arisen or may arise, the employee involved in conducting the tax audit must inform his immediate superior about this, and if such a situation arises, the relevant superior must involve another employee to conduct the tax audit. In general, the auditor should take an individual approach, depending on the type of activity and specific characteristics of taxpayers.

The following indicators should be used to improve tax audits by mobile tax inspectors:

Indicator 1: Assess the level of taxpayers' use of online cash registers and virtual cash desks, where the number of online cash registers and virtual cash desks that issued checks for more than 5 million soums per month is $60\%<x\leq70\%$ of the number of active online cash registers and virtual cash desks, up to 100%, if it is $70\%<x\leq75\%$, from 100% to 150%, and if it is more than $75\%\leq x$, up to 150%, and calculate the corresponding points based on the established weight:

K1=X*Weight/100 (3.1.)

K1 – Performance indicator for the first indicator;

X – Achieved result;

Weight – the weight assigned to the indicator.

Indicator 2: Assessment of the collection of financial penalties imposed as a result of on-site tax inspections, where the number of inspections conducted by the employee per quarter is at least 30 and the calculation of the corresponding points based on the established weight, taking into account the level of collection of the amount of financial penalties imposed during the assessment period:

K2=X*Weight/100 (3.2.)

K2 – Performance indicator for the second indicator;

X – Achieved result;

Weight – the weight assigned to the indicator.

The overall efficiency of the employee is measured by the sum of all indicators.

KPI = K1+K2 (3.3.)

When conducting a tax audit, employees should adhere to the following indicators to improve tax audits:

Indicator 1: assess the level of effectiveness of the tax audit conducted, in which the amount of additional taxes (financial penalties) identified during the tax audit is 80%<x≤90% of the amount of tax risk identified through the "Threat Analysis" system, up to 100%, if it is 90%<x≤95%, from 100% to 120%, and if it is more than 95%≤x, then 120%, and calculate the corresponding points based on the established weight;

K1=X*Вазн/100 (3.4.)

K1 - Performance indicator for the first indicator;

X - Achieved result;

Weight - the established weight for the indicator.

Indicator 2: Recovery of the amount of additional taxes (financial penalties) assessed during tax audits, where the amount recovered is 80%<x≤90% of the amount of additional taxes (financial penalties) identified during the tax audit, up to 100%, 90%<x≤95%, from 100% to 120%, and 95%≤x or more, up to 120%, and the corresponding points are calculated based on the established weight:

K2=X*Weight/100 (3.5.)

K2 – Performance indicator for the second indicator;

X – Achieved result;

Weight – the weight assigned to the indicator.

Indicator 3: Reduction in the number of applications remaining in the voluntary termination process at the beginning of the month, with an

assessment of 0-100% at the end of each month if the voluntary termination schedule is 50%<x≤100% and the corresponding points are calculated based on the assigned weight:

K3=X*Weight/100 (3.6.)

K3 – Performance indicator for the third indicator;

X – Achieved result;

Weight – the weight assigned to the indicator.

The overall performance of an employee is measured by the sum of all indicators.

KPI = K1+K2+ K3 (3.7.)

When conducting office tax audits, employees must adhere to the following indicators: according to the management:

Indicator 1: assessing the level of effectiveness of office tax audits conducted, in which the amount of additional taxes identified during the office tax audit is 80%<x≤90% of the amount of tax risk identified through the "Threat-Analysis" system, up to 100%, if it is 90%<x≤95%, from 100% to 120%, and if it is more than 95%≤x, up to 120%, and calculating the corresponding points based on the established weight;

K1=X*Вазн/100 (3.8.)

K1 - Efficiency indicator for the first indicator;

X - Achieved result;

Weight - the established weight for the indicator.

Indicator 2: recovery of the amount of additional taxes calculated during the conducted in-house tax audit, where the amount recovered is up to 100% of the amount of additional taxes determined during the in-house tax audit if it is 80%<x≤90%, from 100% to 120% if it is 90%<x≤95%, and from 100% to 120% if it is more than 95%≤x, and 120% if it is more than 95%≤x, and the corresponding points are calculated based on the established weight:

K2=X*Вазн/100 (3.9.)

K2 – Efficiency indicator for the second indicator;

X – Achieved result;

Weight – the established weight for the indicator.

Indicator 3: Number of desk tax audits, where the number of desk tax audits conducted per month is $5<x\leq11$, then evaluate from 0–100% and calculate the corresponding points based on the established weight:

$K3=X*Вазн/100$ (3.10.)

K3 – Performance indicator for the third indicator;

X – Achieved result;

Weight – the established weight for the indicator.

The overall efficiency of an employee is measured by the sum of all indicators.

KPI = K1+K2+ K3 (3.11.)

In conclusion, based on the proposals made by the management, introduce additional indicators to encourage employees and (or) apply punitive measures;

Changes and additions to the coefficients, the upper limits used in calculating the indicators, the upper limit of the indicator achieved as a result of the overall assessment, as well as to the assessment indicators, may be made by agreement.

Based on the above, the following proposals can be made:

1. We believe that 60% of the amounts of taxes, penalties and financial fines collected as a result of in-house tax audits conducted by tax authorities should be directed to the state budget, and 40% to the State Tax Committee's Special Fund for Material Assistance, Social Protection, Development of Tax Authorities and Unforeseen Expenses.

2. It is proposed to introduce appropriate amendments to banking legislation to temporarily restrict the next payment to foreign partners by

economic entities that have overdue receivables for import operations until this debt is fully eliminated.

3. It is proposed to receive daily online complete information on cash flows in the accounts of entities whose large cash flows exceed the threshold of 1.0 billion soums in 10 days in one-day firms.

4. To introduce additions and amendments to Article 138 of the Tax Code to the procedure for conducting a desk tax audit, providing for the following:

- the audit period shall not exceed 30 days (working days);

- the drawing up of an act on the circumstances identified as a result of the audit;

- the review of the audit results by the head (deputy head) of the state tax service body and the adoption of a decision based on the results of the review;

- the act drawn up as a result of the desk tax audit and a notification for its review shall be sent to the taxpayer, and in the absence of the taxpayer, these documents shall be drawn up without his participation.

This will optimize the procedure for conducting desk tax audits, increase the productivity of employees, prevent corruption, and eliminate conflict situations.

ADABIYOTLAR/LITERATURA/REFERENCE:

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