ANALYSIS OF TAX CONTROL BY THE INTERREGIONAL TAX INSPECTORATE FOR LARGE TAXPAYERS

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Abstract: *This article examines the possibilities of identifying potential tax evasion cases, ensuring fair taxation, and ultimately contributing to the overall efficiency of the tax system by improving the practice of inspections and monitoring of taxpayer activities by tax authorities. The article highlights the advantages and challenges of implementing foreign experience within the context of Uzbekistan, and develops proposals and recommendations for improving the national tax policy.*

Keywords: *tax revenues, risk analysis, hazards, efficiency, digital platform, methods and tools, advanced information and communication technologies, analysis, optimization, tax incentives, tax rate.*

Introduction. In a market economy, the effective functioning of the tax system directly depends on the perfect organization of tax control over the activities of taxpayers. Tax control is an essential component of the state's financial policy, serving to ensure the stability of budget revenues, monitor compliance with tax legislation, and strengthen tax discipline. From this perspective, a profound study of the theoretical foundations of regulating taxpayer activities through tax control is of significant relevance.

Analysis of State Budget Revenues and Tax Control for Large Taxpayers in 2023

For the 2023 fiscal year, the forecast target for the State Budget from large taxpayers was set at 98.9 trillion UZS. As of December 29, the target was

achieved at 97.7 trillion UZS (99.0%), representing a 110.6% increase compared to the same period of the previous year (88.3 trillion UZS).

Quarterly Performance Breakdown:

Q1: Against a target of 21.9 trillion UZS (including 4.1 trillion UZS in VAT), actual collection reached 21.6 trillion UZS (3.8 trillion UZS in VAT), or 99.0%. This is a 102% increase (0.4 trillion UZS) compared to Q1 of the previous year.

Q2: Against a target of 22.2 trillion UZS (3.6 trillion UZS in VAT), actual collection reached 21.9 trillion UZS (3.7 trillion UZS in VAT), or 99.0%, maintaining 100% performance compared to the previous year.

Q3: Against a target of 23.9 trillion UZS (4.4 trillion UZS in VAT), actual collection was 23.3 trillion UZS (4.2 trillion UZS in VAT), or 97.0% of the target.

Q4: Against a target of 31.4 trillion UZS (6.9 trillion UZS in VAT), actual collection reached 31.0 trillion UZS (5.9 trillion UZS in VAT), or 98.0%, showing a significant 147% growth compared to the same period last year.

Refunds and Offsets:

Based on 1,871 applications from enterprises, 648.9 billion UZS were offset against other tax types in 5,098 instances, and 1,229.8 billion UZS were refunded to corporate bank accounts in 1,936 instances.

Tax Control and Analysis Results:

Throughout the 12 months of 2023, tax control measures across 846 enterprises resulted in the assessment of 12,090.7 billion UZS in additional taxes. Of this amount:

9,211.7 billion UZS (including 2,786.5 billion UZS under Form-10) were recovered through revised reports;

212.2 billion UZS were adjusted in report indicators;

2,666.8 billion UZS were supported by justifying documentation.

Of the total additionally assessed amount, 7,587.8 billion UZS were settled: 5,739.0 billion UZS were directly collected, 1,848.8 billion UZS were offset against overpayments, and 253.2 billion UZS were directed toward compulsory enforcement.

1. Desk Tax Audits (Kameral)

During the 12 months of 2023, desk audits in 591 enterprises resulted in 10,720.0 billion UZS in additional tax assessments.

In December alone, audits in 104 enterprises led to 810.3 billion UZS in additional assessments, of which 749.6 billion UZS were settled through revised reports.

VAT Specific Assessments: Discrepancies in VAT reports led to 2,856.1 billion UZS in additional assessments across 543 enterprises. Notable cases include:

Thermal Power Plants (IES) JSC: 577.0 billion UZS;

Almalyk MMC (OKMK) JSC: 320.7 billion UZS;

Uz-Kor Gas Chemical LLC: 321.9 billion UZS;

Uzgastrade JSC: 90.5 billion UZS.

2. Field Tax Inspections (Sayyor)

In 2023, the Inspectorate conducted 38 field inspections, identifying a product shortage worth 6.8 billion UZS. Financial penalties totaling 2.0 billion UZS were applied.

Nine field inspections were conducted specifically in December.

3. Tax Audits

During the 12 months of 2023, the Inspectorate completed tax audits for 217 enterprises.

Total Assessments: 1,370.7 billion UZS in additional taxes and 246.0 billion UZS in financial penalties.

December performance: 31 audits were completed, resulting in 59.2 billion UZS in additional taxes and 10.8 billion UZS in penalties.

Results of Tax Control Measures for Large Taxpayers

Throughout the 12 months of 2024, desk tax audits (kameral) were conducted for 771 entities (compared to 327 entities and 2,724.5 billion UZS in the same period last year), resulting in the assessment of 3,386.4 billion UZS in additional taxes. Specifically, in December, desk audits for 101 entities resulted in 131.6 billion UZS in additional tax assessments (up from 20 audits and 17.9 billion UZS in December of the previous year).

Regarding field tax inspections (sayyor), 119 entities were inspected during 2024 (compared to 39 last year). These inspections revealed discrepancies in inventory and fixed assets (shortages or surpluses) totaling 2,304.6 billion UZS. Consequently, 513.1 billion UZS in taxes and financial penalties were assessed. In December, 8 inspections revealed a product shortage of 3.8 billion UZS.

During the 12 months of 2024, 195 tax audits and criminal case investigations were organized (compared to 217 audits and 1,051.7 billion UZS last year), resulting in 1,004.5 billion UZS in additional tax assessments. In December alone, 12 tax audits resulted in 130.7 billion UZS in additional taxes.

Results for Ultra-Large Taxpayers:

Desk Tax Audits: In 2024, audits were conducted for 59 entities, and notifications were sent to adjust tax reports for 359.7 billion UZS. In December, 6 entities received adjustment notifications for 75.7 billion UZS.

Field Tax Inspections: 9 inspections were conducted during the year, identifying product shortages of 54.1 billion UZS. These measures resulted in the assessment of 17.4 billion UZS in taxes and financial penalties. No field inspections or shortages were recorded for ultra-large taxpayers in December.

Tax Audits: 59 tax audits were organized throughout the year, resulting in 2,249.9 billion UZS in additional tax assessments (a significant increase from the 621.8 billion UZS assessed in 71 audits last year). Notably, in December, 8 audits led to 1,830.5 billion UZS in additional tax assessments.

Value Added Tax (VAT) Administration and Refunds:

Throughout January–December 2024, a total of 2,019 applications were received regarding the refund of 23,898.9 billion UZS in excess VAT (resulting from zero-rated transactions and input tax credits).

716 applications (totaling 12,570.9 billion UZS) were approved, and conclusions were forwarded to the Ministry of Finance for refund.

1,299 applications were returned to taxpayers for revision due to identified discrepancies.

In the fourth quarter of 2024 alone, 197 applications were received for 4,257.2 billion UZS, of which 90 applications (2,413.7 billion UZS) were approved for refund.

Analytical Results:

Analysis of VAT compliance during 2024 resulted in the submission of revised reports in 135 instances, totaling 1,325.6 billion UZS, which were fully recovered. Notable collections in December included:

"Temiryo‘linfratuzilma" LLC: 89 billion UZS (VAT);

"Temiryo‘linfratuzilma" JSC: 42.2 billion UZS;

"Enter Engineering pte.ltd mto" FE: 39.6 billion UZS (VAT).

In September, similar analytical measures ensured the recovery of 52.6 billion UZS from "Sanoat Energetika Guruhi" LLC JV, 2.1 billion UZS from "ANGREN PIPE PLANT" LLC, and 33 billion UZS in excise tax from "UZGASTRADE" JSC.

Mana, 2024-yilgi ma'lumotlar tahlili asosida tayyorlangan xulosa va takliflarning (Conclusion and Proposals) ingliz tilidagi akademik varianti:

Conclusions

Increased Administrative Efficiency: The significant rise in the number of desk tax audits in 2024 (from 327 to 771) and the corresponding increase in additionally assessed taxes demonstrate a successful shift toward remote, data-driven supervision.

Impact of Risk-Based Supervision: The implementation of specialized risk criteria (86 criteria for large taxpayers) has proven effective in identifying hidden tax bases and ensuring a steady flow of additional revenue to the budget.

High Stakes in VAT and Transfer Pricing: The trillion-sums discrepancies identified within ultra-large entities (such as "O'ZTRANSGAZ" and "OKMK") indicate that tax avoidance schemes and transfer pricing manipulations remain critical areas requiring intensive oversight.

Operational Bottlenecks in VAT Refunds: A high rate of VAT refund application rejections (1,299 cases in 2024) suggests either a persistent lack of documentation compliance among taxpayers or overly complex regulatory hurdles that hinder the seamless flow of working capital for businesses.

Proposals

1. Advancing Digital Oversight and Artificial Intelligence (AI)

Automated Risk Monitoring: Expand the use of AI models to analyze transactions in real-time, allowing for a "human-free" assessment of taxpayer risks and behaviors. Enhanced E-Invoicing Analysis: Utilize "Graph Analysis" methods to detect "shell company" chains and artificial VAT offsets by mapping the interconnections between suppliers and buyers.

2. Strengthening Control over Transfer Pricing (TP)

Integration with International Databases: Integrate the State Tax Committee’s database with global market data providers (e.g., Bloomberg, Reuters) to compare export/import prices against international benchmarks in real-time. Offshore Transaction Monitoring: Tighten reporting requirements for transactions involving related parties in offshore jurisdictions to prevent capital flight and profit shifting.

3. Transitioning from "Punitive" to "Preventive" Administration

Pre-emptive Notification System: Instead of applying penalties after a violation is recorded, implement a system that sends automated "risk alerts" to a taxpayer’s personal cabinet, allowing them to self-correct discrepancies

voluntarily. Dedicated Tax Account Management: Assign personal tax managers to ultra-large taxpayers to facilitate pre-trial dispute resolutions and improve legal compliance through ongoing consultation.

4. Legislative and Institutional Refinement

KPI Realignment: Reform the Key Performance Indicators (KPI) for tax officers to reward not just "total collection" but also the growth in "voluntary compliance" and the reduction of tax-related litigation. Policy Harmonization: Align the Tax Code more closely with practical industrial realities, particularly regarding environmental taxes (e.g., coal ash processing) and the documentation of complex logistics chains.

ADABIYOTLAR/LITERATURA/REFERENCE:

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