

Legal Basis of Foreign Trade Activities and Tax Control

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Abstract. This article examines the improvement of such areas as international economic and financial cooperation in foreign trade, attracting foreign investment, investment activities outside the Republic of Uzbekistan, as well as further improvement of the procedure for monitoring the activities of legal entities and individuals of the Republic of Uzbekistan engaged in foreign trade activities as important issues of tax control.

Keywords: Foreign trade, tax control, digital economy, foreign trade turnover, export-import operations.

1. INTRODUCTION

It is known from the experience of countries around the world that the growth rate of the economy and the standard of living of the people are directly dependent on the effective use of the advantages of international trade and the international division of labor. According to data, in 2024, the share of taxes in GDP in different countries of the world will be 23% in Russia, 46% in France, 43% in Italy, 39% in Germany and 28% in the USA, 33% in Japan, 32% in North Korea, while among developing countries, in Saudi Arabia, GDP will be only 8%, in India and Indonesia - 12%, and even in "communist" China, taxes will be only 20% of GDP.[1] In the context of the integration of the economies of world countries, one of the urgent tasks is to provide state support for the development of foreign economic relations in the republic, stimulate them through taxes, and further improve the mechanism of taxation.

In the reform of the tax administration and the activities of the state tax service bodies in Uzbekistan, special attention is paid to reducing administrative pressure in the system of tax relations and ensuring mutual cooperation between its participants. The general strategy for the development of the country for 2022–2026 provides for reducing the tax burden from 27.5 percent to 25 percent of gross domestic product by 2026.[2]

Every legal entity or individual registered in the territory of our republic can establish trade relations with foreign firms in the framework of regulatory legal acts, as well as carry out foreign economic activity by carrying out export-import operations with foreign enterprises in the framework of financial and economic activities.

Along with such areas of foreign economic activity as international economic and financial cooperation, attracting foreign investments, and investment activities outside the Republic of Uzbekistan, another main area is the sphere of foreign trade activity.

The more strictly tax control over foreign trade activities is ensured and the more fully the obligation to take action on violations identified as a result of inspections is ensured, the more comprehensively the interests of the state budget are protected and the formation of the budget revenue is guaranteed. From this point of view, the priority tasks of tax control are to provide legal support for the control work carried out by tax authorities in the field of foreign economic activity, to systematically ensure the organization of control, to formalize the results of control, to exert timely and effective influence on taxpayers who have violated tax legislation, and to take appropriate measures.

2. LITERATURE REVIEW

To date, the concept of tax control has been studied extensively and various definitions have been given to it.

For example, A.S. Advokatova defines “Tax control, as an integral part of the tax administration system, implements the state’s financial policy, ensuring the resolution of problems facing the state in all aspects of society, providing directions and ways to improve the legal mechanism for the most effective formation, distribution and use of state financial resources.”[3]

According to T.A. Yefremova, “the first condition for organizing effective tax control is the electronic submission of tax and accounting reports based on a modern advanced information and technological system.”[4]

N.A. Filippova and D.Yu. Makevnina broadly define tax control as an integral part of the system of state regulatory measures aimed at ensuring effective financial policy and economic security, achieving a balance between the rights

of taxpayers and the legal requirements of the state.

According to N.N. Shestakova: “Tax control is a set of special, specialized actions of authorized state bodies in the field of control over the implementation of tax legislation, including methods that allow checking compliance with tax discipline, identifying the largest number of tax violations and taking action against them.”

According to J. Egert and others, the tax control system is a structure that supports tax risk management and ensures tax compliance.

The concept of tax control has also been widely studied by economists of our country, and various approaches and definitions have been given.

In particular, F.A. Akramov writes that tax control is one of the types of financial control both in world practice and in our country. Also, in his opinion, work on bringing financial control in our country closer to international practice, adapting it to international standards of financial reporting and auditing will serve to improve tax control.

According to Professor B.I. Isroilov, tax control is understood as the verification by authorized state bodies, owners or other interested entities of the fulfillment of obligations of business entities to calculate the amount of taxes and deductions to the budget and trust funds, and to transfer them to the budget in full within the established deadlines in accordance with the procedure and terms established by legislative norms.

According to economists B.E. Tashmurodova and S. Elmirezayev, tax control is understood as the activities of state tax authorities aimed at studying the activities of taxpayers and the work they carry out in this regard. Tax control is also aimed at studying the level of taxpayer compliance with current tax legislation and combating tax violations.

Professors A.V. Vakhobov and A. Juraev, touching upon tax control in different ways, expressed the following opinions: "Prevention and elimination of tax law violations require constant improvement of current measures and methods. The increase in tax crimes negatively affects the satisfaction of the state's financial needs, leading to a loss of financial resources, and as a result, the state is forced to seek tax-free income, which in turn leads to an increase in the state's internal and external debts." [5]

According to T. Toshmurodov, "Tax control is control over ensuring the timely payment of taxes and other mandatory payments by legal entities and individuals."

In his works and as a result of scientific research, Q.A. Yakhoyev put forward the following observations: “The control function of taxes is always in motion, but along with this function, it theoretically controls the correct distribution of income, the full and timely collection of taxes. Tax control is the basis of the work of tax authorities.”

Theoretical and practical aspects of taxes and tax control in foreign trade, including certain issues of taxation and control of export-import operations of foreign trade, have been studied by a number of foreign economists. This topic has been studied in the scientific works of foreign economists A. Smith, D. Ricardo, W. Petty, A. Laffer, M. Lawrence, and modern scientists I.A. Zavalishina, Z.I. Tuchkova, I.M. Aleksandrov, V.G. Panskov, I.M. Mayburov, N.V. Milyakov, V.G. Knyazyev, V.V. Karpov, D.G. Chernik, T.F. Yutkina. Some aspects of the implementation of problems related to the taxation of export-import operations have been studied in the scientific works of our economists O.Q. Abdurakhmonov, M.A. Alimardonov, A. Vahobov, E.F. Gadoyev, A.S. Jurayev, J.R. Zaynalov, T.S. Malikov, O.O. Olimjonov, N.Kh. Khaydarov, Z.N. Qurbonov, Sh.A. Toshmatov, B.E. Toshmurodova, N.Kuziyeva, N.Ashurova, J.J. Ormonov, Q.Yakhyoyev.

In particular, S. Shirinov in his research studied the international settlements of economic entities, M. Kamilov studied the issues of calculation and collection of value added tax in production and import operations.

The same idea is emphasized in the methodological manuals prepared on the basis of the Eurasian Union program. The integration function of taxes is associated with the regulation of foreign trade and foreign economic relations of the state.[6]

3. METHODOLOGY

Indeed, regardless of whether taxes are considered to have the so-called integration function mentioned in the tasks they perform in the process of their implementation, taxes are effectively used in the regulation of foreign economic relations.

Legal and physical entities of the Republic of Uzbekistan engaged in foreign trade activities are considered subjects of foreign trade activity.

When conducting foreign trade activities in the foreign market, it is necessary to be able to conclude international commercial agreements, know the techniques of international settlements and delivery of goods, and be able to select partners with whom trade relations will be established. When conducting foreign trade activities, the requirements for the delivery of goods (goods), setting contract prices, and choosing settlement forms are quite complex. Therefore,

our enterprises should be aware of these requirements when entering foreign markets. [7]

The basis of foreign trade activities is foreign trade operations, which are export, re-export, import, and re-import operations.

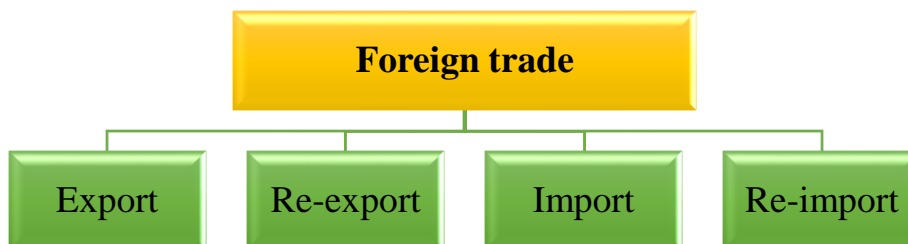


Fig.1. Structure of foreign trade activities. [8]

Another feature of foreign trade is that the accounting of export and import operations is reflected in two currencies at the same time, namely in soums and foreign currency.

In our opinion, it is possible to conduct a study of the control over foreign trade operations in our country from independence to the present day, dividing it into 4 periods.

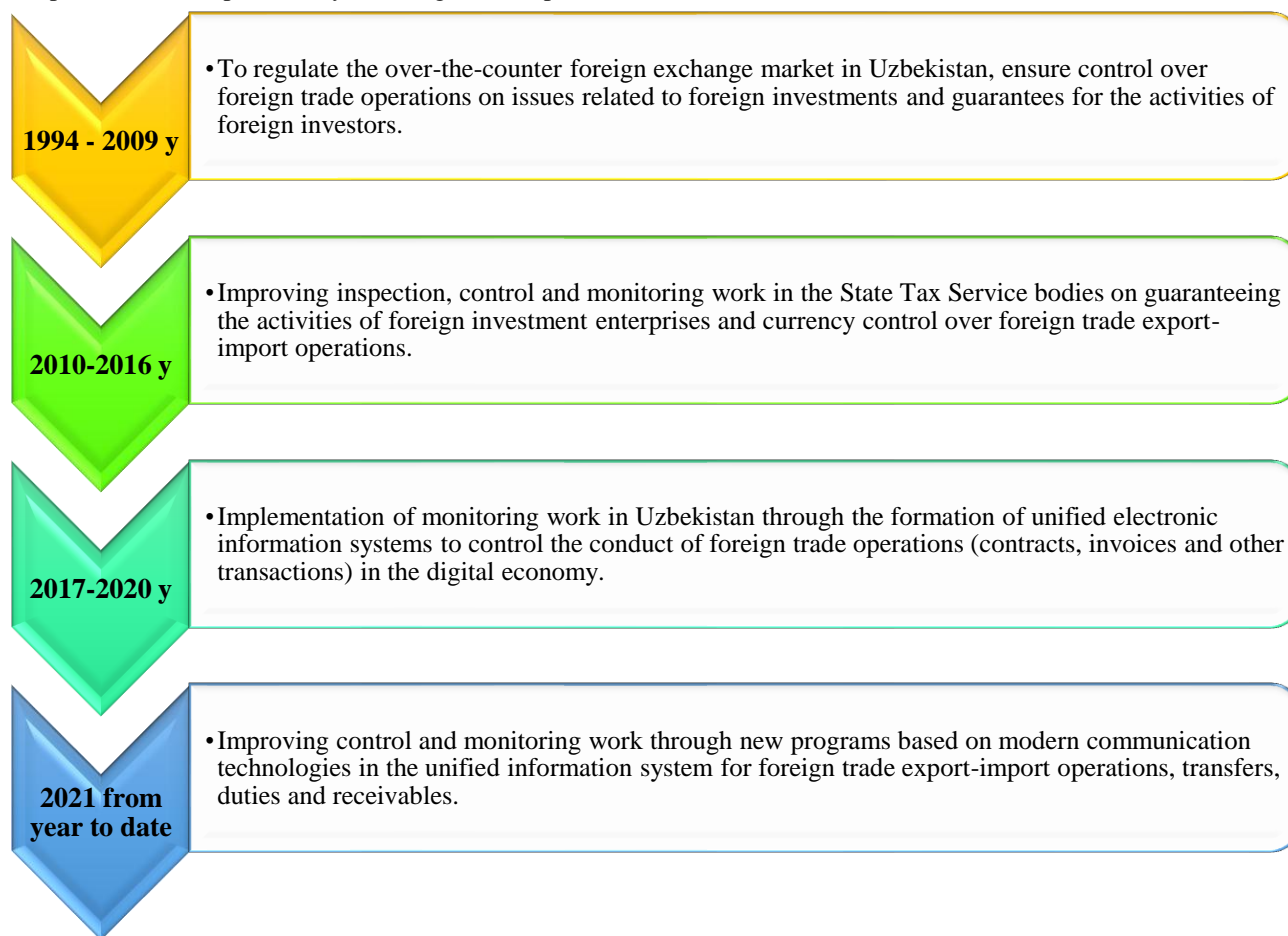


Fig.2. Development hierarchy of the procedure for conducting control work over foreign trade operations

Control over foreign trade transactions is carried out at several levels, ensuring compliance with national and international regulatory requirements. At the strategic level, government agencies and regulators develop laws and

policies governing foreign trade. Central banks and financial regulators control foreign exchange transactions, compliance with international financial reporting standards, and regulate trade finance, preventing violations related to money laundering.

At the operational level, customs and trade control authorities monitor compliance with import and export documentation requirements, conduct checks on the authenticity of trade transactions, and prevent illegal activities such as smuggling and sanctions evasion. Tax authorities monitor the correctness of taxation of foreign trade transactions, including the collection of VAT and customs duties. Banking and financial institutions check international payments, letters of credit, and monitor suspicious transactions.

At the corporate level, internal auditors and compliance services of companies monitor the compliance of foreign trade transactions with legal requirements, conduct internal audits and risk analysis, and develop fraud prevention mechanisms. Logistics departments ensure proper execution of documents, control over the execution of contracts with foreign partners and maintaining records for audit.

For effective control, regular reports and audits are provided, allowing for the identification of inconsistencies and adjustments to the regulatory policy. Risk analysis and adaptation of regulations to changes in the field of foreign trade help to minimize possible violations and increase the effectiveness of control.

4. ANALYSIS AND RESULTS

During our research, we studied and analyzed the growth and decline rates of total foreign trade turnover in Uzbekistan for the period 2010-2024.

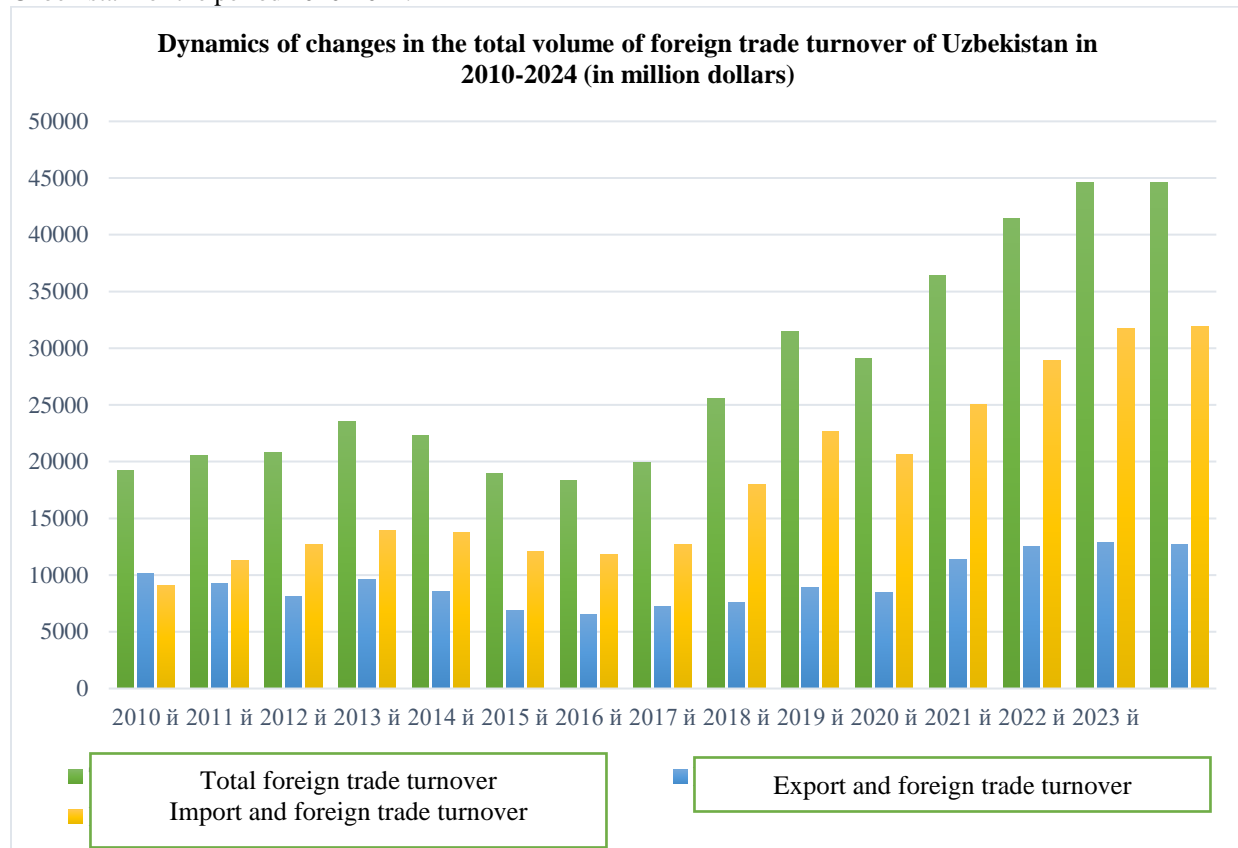


Fig.3. Dynamics of changes in the total volume of foreign trade turnover of Uzbekistan for the period 2010-2024 [9]

The total foreign trade turnover in Uzbekistan in 2010 amounted to 19.2 billion US dollars, of which 52.6 percent of the total foreign trade turnover was accounted for by export trade transactions, and 47.4 percent by import trade transactions. The total foreign trade turnover in Uzbekistan grew in the period from 2011 to 2013, increasing by 122 percent compared to 2010, reaching 23.5 billion US dollars. However, during this period, the share of export trade transactions in the total foreign trade turnover decreased by 40 percent, amounting to 9.6 billion US dollars, while foreign trade in import transactions increased and amounted to 60 percent.

Changes in foreign economic activity in Uzbekistan and work to increase competitiveness by improving the commodity and geographical composition of foreign trade turnover, newly adopted laws, as well as decrees and resolutions of the Head of State and the Cabinet of Ministers, have accelerated the growth of foreign trade activity in the period from 2016 to 2024. [10] In particular, during the period from 2016 to 2020, foreign trade turnover increased by 1.71 times compared to 2016 and amounted to 31.5 billion US dollars, and by 2023, foreign trade turnover amounted to 48.6 billion US dollars. Also, foreign trade in export operations increased by 1.36 times compared to 2016 and amounted to 8.8 billion US dollars in 2019. US dollars, and by 2023, it will reach 12.9 billion US dollars.

5. CONCLUSION AND SUGGESTIONS

Summarizing all of the above, tax control in foreign trade activities is an activity of authorized state bodies to monitor, within the framework of legislative acts, the accounting of taxable entities and objects in foreign trade activities, compliance with the legislation on currency and export-import transactions, the prevention of the growth of receivables and overdue receivables, the correct calculation of taxes and other mandatory payments by the state budget, and their full and timely payment.

In conclusion, the changes being implemented in the field of tax control in foreign trade activities serve to increase the level of collection of taxes and fees, control over receivables and overdue receivables, conduct highly effective foreign trade activities, and strengthen the economic security of the state.

Therefore, by studying the forms and types of tax control, it is possible to ensure highly effective tax control in foreign trade activities.

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