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# Characteristics of Tax Audits In Implementation of Tax Control

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**Abstract:** In this article, issues related to the fulfillment of tax obligations, disputes arising from their failure to be fulfilled on time, as well as the procedure for conducting tax audits by competent authorities, its importance and unique features are scientifically analyzed.

**Keywords:** tax audit, mandatory tax audit, voluntary tax audit, taxpayers, tax payers and tax agents, presumption of right of taxpayer

## Introduction

In the world, great importance is attached to the implementation of new innovative projects and initiatives aimed at ensuring the interests of the state budget through the effective use of modern tools aimed at ensuring that taxes are paid to the state budget on time and in full. Among them, tax audits to encourage the voluntary fulfillment of tax obligations by taxpayers, i.e., voluntary tax discipline, assessment of the activities of business entities by means of the risk management system, and to ensure the comprehensive development of the business and investment environment. issues of implementation depending on the level of risk of economic subjects are being considered as one of the directions of conducting separate research. Improvement of the tax administration system is one of the important conditions for the further development of the country's economy and improvement of the country's investment attractiveness. In order to improve the tax administration system, it is considered appropriate to establish a system for the correct implementation of tax control forms by tax authorities.

## Materials and Methods

Several measures aimed at strengthening the legal mechanisms to protect the rights and legal interests of business entities, ensuring legality in their activities, and improving the investment climate and business environment of our country are being carried out consistently. We can say that the protection of the rights and legal interests of all business entities by the state is reinforced in the current legislation on the regulation of business activities.

For example, on May 25, 2000, the Law of the Republic of Uzbekistan "On guarantees of freedom of entrepreneurial activity" was adopted. This law was approved in a new version in accordance with the Law "On Amendments and Additions to the Law of the Republic of Uzbekistan "On Guarantees of Freedom of Entrepreneurial Activity", and one of its main tasks is to protect the rights of subjects engaged in entrepreneurial activity. is to protect legal interests and rights. In this law, the guarantee of the rights of subjects engaged in business activities and the protection of their rights are strengthened in every way. It is worth noting that state agencies of business entities, including supervisory and law enforcement agencies, in addition to banking institutions, adhere to the principle of the supremacy of the rights of entrepreneurs, according to which the legislation related to the processes of entrepreneurship

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It is envisaged that all irremediable uncertainties and conflicts arising in special cases will be interpreted in favor of the entrepreneur (not in favor of the state)<sup>1</sup>.

In the Tax Code of the Republic of Uzbekistan, as one of the principles of taxation, the "Principle of presumption of the right of the taxpayer" is provided, according to which all types of irremediable ambiguities and contradictions found in tax legislation - objections are interpreted for the benefit of the entrepreneur. In other words, the business entity should not be responsible for the deficiencies in the legislation. It is no exaggeration to say that these procedures confirm that the legal basis for the protection of the rights of business entities and their legal interests by the state has been strengthened in our country<sup>2</sup>.

The current Tax Code of the Republic of Uzbekistan defines the rights of taxpayers, which provides that taxpayers may have other types of rights specified in this Code and other legislative documents on taxes. Among the established rights of taxpayers, special attention is paid to the protection and guarantee of the rights of business entities during tax control and tax audits. Also, in accordance with the provisions established by the Tax Code, the rights of tax-paying individuals and legal entities are ensured on the basis of the relevant obligations of the responsible employees of tax authorities and other authorized organizations, as well as ensuring the legal rights of taxpayers. Non-fulfillment of obligations related to or non-fulfillment to the extent necessary will cause the responsibilities provided for in the legislation of the Republic of Uzbekistan<sup>3</sup>.

### Results

To strengthen the guarantees of protection of the legal interests and rights of entrepreneurs, to prevent unjustified interference of state bodies in their activities, to further strengthen the legal mechanisms of the inviolability of private property, as well as the decree of the President of the Republic of Uzbekistan "On the establishment of the representative institute under the President of the Republic of Uzbekistan for the protection of the rights and legal interests of business entities", which was adopted in order to ensure the principle of the priority of the rights of business entities. In our country, the institution of the representative for the protection of legal interests and rights of business entities was introduced in our country. The activities and main tasks of the representative for the protection of the legal interests and rights of entrepreneurs are the development of entrepreneurship, the formation of the state policy in the field of protection of the rights and interests of entrepreneurs and active participation in its implementation, state agencies, including control agencies and law enforcement. It is envisaged to carry out control over the observance of the legal interests and rights of entrepreneurs by the executive bodies, and to provide legal support to entrepreneurs when their activities are being investigated.

Article 16 of the Law of the Republic of Uzbekistan "On State Control of the Activities of Economic Entities" defines the rights of the economic entities under investigation. In addition, Article 135 of the Tax Code of the Republic of Uzbekistan, which was implemented from January 1, 2020, provides that documents and other information about taxpayers that violate the legal requirements serve as a basis for holding these persons to various responsibilities for tax violations. It assumes that it is impossible. So, we can conclude that the strict establishment of such provisions in the Tax Code indicates that the rights and interests of all business entities are guaranteed to be protected in the process of tax control, of course, it is no exaggeration.

### Discussion

Special attention is paid to the provision of the legal rights and interests of taxpayers in the Regulation "On the Procedure for Organizing and Conducting Tax Audits" approved by Resolution No. 1 of the Cabinet of Ministers of the Republic of Uzbekistan dated January 7, 2021 directed. In particular, Chapter 3, Clause 17 of this regulation stipulates that business entities that are tax payers have a number of rights in the process of conducting tax audits. In

<sup>1</sup> O'zbekiston Respublikasining 2012-yil 2-maydagi O'RQ-328-sonli "Tadbirkorlik faoliyati erkinligining kafolatlari to'g'risida"gi O'zbekiston Respublikasi Qonuniga o'zgartish va qo'shimchalar kiritish haqida"gi Qonuni

<sup>2</sup> O'zbekiston Respublikasining 2007-yil 25-dekabrda O'RQ-136-sonli qonuni bilan qabul qilingan Soliq kodeksining 11-moddasi va 2019-yil 30-dekabrda O'RQ-599-sonli qonuni bilan amalga kiritilgan yangi tahrirdagi Soliq kodeksining 13-moddasi

<sup>3</sup> O'zbekiston Respublikasining 2019-yil 30-dekabrda O'RQ-599-sonli qonuni bilan amalga kiritilgan yangi tahrirdagi Soliq kodeksining 21-moddasi.

particular, it is appropriate to emphasize the rights of the tax office employee not to comply with the request of the tax office that is not related to the issues related to the audit, to participate in the process of audits with his representative or personally, and others.

Here we will discuss why a tax audit is needed, what it includes and how it is done. We know that it is not a happy situation for tax authorities to carry out an inspection of enterprises, institutions, organizations and economic entities. But there is a way to prepare for this and avoid fines - conducting an independent internal audit. Voluntary tax inspection helps to identify all inaccuracies in the documents in advance and to correct them before the arrival of the responsible employees of the competent tax authorities.

Tax audit is a form of tax control conducted by taxpayers, tax payers and tax agents in order to control compliance with tax legislation. A product supplier company or a private auditor monitors the calculation and payment of taxes, prepares and maintains the necessary reports, provides advice on risk assessment and tax issues. The purpose of this inspection is to protect taxpayers, tax agents and fee payers from fines and other sanctions that may arise for violations of the legislation in this area, as well as to eliminate the possibility of overpayments. Tax audit specialists examine financial statements and identify inaccuracies in them that are contrary to legislation. These ambiguities can arise not only because accountants are not professional enough, but also because of frequent changes in legislation.

The tax liability audit service is most in demand among large companies doing business in related or different fields, where errors occur in large volumes of document circulation. For example, companies with a holding or other multi-branch structure also need a tax audit. This service is also popular among companies with a wide network of branches. Small and medium-sized businesses also use tax audits to optimize the system of discounts.

### Conclusion

It is important to conduct tax audits on time. Getting your tax return in order immediately before a mandatory tax audit saves you a lot of trouble. And the application for accounting or refund of the amount of overpaid tax, unless otherwise provided by the tax legislation, can be submitted within five years from the date of payment of the specified amount.

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