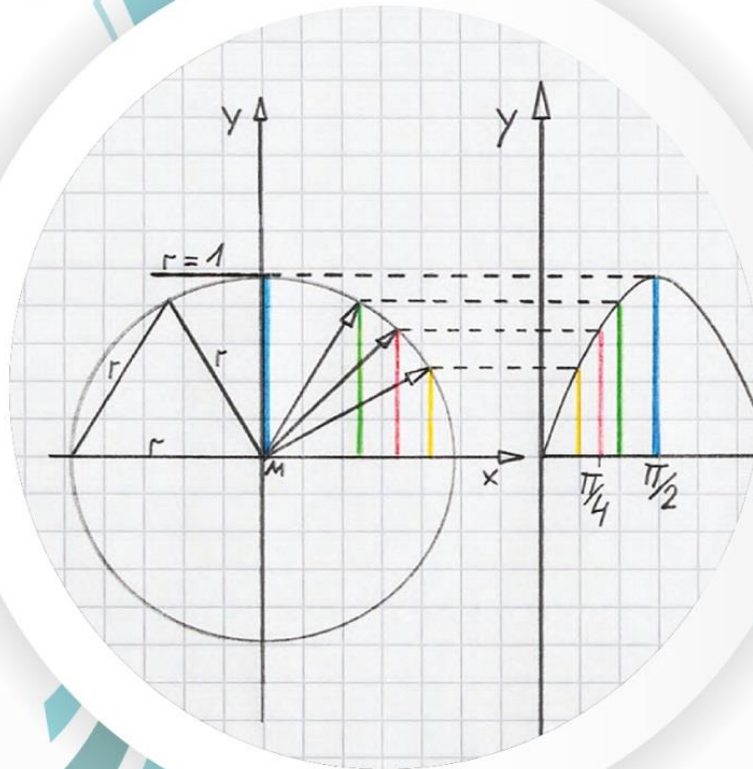


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PROCEDURE FOR RETURNING VALUE ADDED TAX FROM THE BUDGET

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Abstract: This article discusses the effectiveness of reforms implemented in Uzbekistan to improve the value added tax in 2020-2023, the influence of the automated system in the formation of the price of goods (services), the effect of the value added tax, the mutual disproportion of the value added tax chain and the improvement of the tax regime.

Keywords: improvement of value added tax, influence on the price of goods (services), chain imbalance.

INTRODUCTION

Added value - it is an expression of the difference between the value of goods sold, works performed and services provided, and the value of goods, raw materials and services consumed in the production process. Naturally, in the process of production, and then as a result of the division of labor, a certain product goes through several stages in the process of production and transactions, until it is released to the market, additional value is created at each of these stages.

Value added tax is a relatively new tax in world practice. It was first introduced in France in the mid-50s of the XX century, and later became the main form of indirect taxation in many countries in different parts of the world at different stages of economic development.

Value added tax has become a powerful fiscal instrument that provides a stable and guaranteed flow of funds to the budget for taxing consumption, which is difficult to evade. At the same time, value added tax is also used as an important tactical tool in the system of tax regulation of the market economy in the countries.

For most countries with a developed market economy, value added tax is the main source of compensation for the loss of budget revenues due to the reduction of corporate profit tax rates.

The state encourages investment in national capital and private initiatives and liberalization of income taxation and self-regulating market mechanisms by reducing the rates of direct taxes and, in turn, increasing the share of consumption tax in budget revenues.

Thematic literature analysis - among the foreign economists who conducted scientific research on the economic nature of the value added tax and its effect on the price of goods (services), we can mention A. Smith, J.M. Keynes, J.S. Mile, I. Karaeva. Among the scientists of our country, Sh. Toshmatov, T. Malikov, F. Sharipov, M. Komilov conducted scientific research on the improvement of the value



added tax, the mechanism of its implementation in the Republic, its impact on foreign trade, factors affecting the tax burden, and the effective organization of the tax administration.

Today, the existence of breaks in the value added tax chain in the production and service sectors of the Republic, the number of benefits, price regulation of socially important goods by the state, and the existence of various tax regimes (tax on turnover, fixed tax on individual entrepreneurs) have an effect on the price of goods (services).

Main part

Reimbursement of the negative difference in value added tax (hereinafter referred to as tax), including reimbursement of other tax liabilities, are carried out in accordance with the scheme presented in the Tax Code and Appendix 1 to the Resolution of the Cabinet of Ministers Decision No. 489 dated August 14, 2020.

For the purposes of this Regulation, the amount of tax to be reimbursed means the negative difference between the amount of tax calculated from the tax base of operations related to the sale of goods (services) determined in accordance with the Tax Code and the amount of tax calculated on the goods (services) received.

This means the amount of tax paid to the suppliers of the goods (services) purchased in the territory of the Republic of Uzbekistan for diplomatic missions of foreign countries accredited in the Republic of Uzbekistan, for consular institutions and organizations equivalent to them, as well as for participants in the product distribution agreement, in the value of the goods (services).

Reimbursement of the tax amount is carried out on the basis of the taxpayer's application for the refund of the amount of value added tax due in accordance with Appendix 2 to this Regulation.

The application is submitted to the tax authorities in the place where the taxpayer is registered through the personal office of the taxpayer.

Солиқ органи томонидан аризани кўриб чиқиш тартиби



Figure 1. Value Added Tax refund process

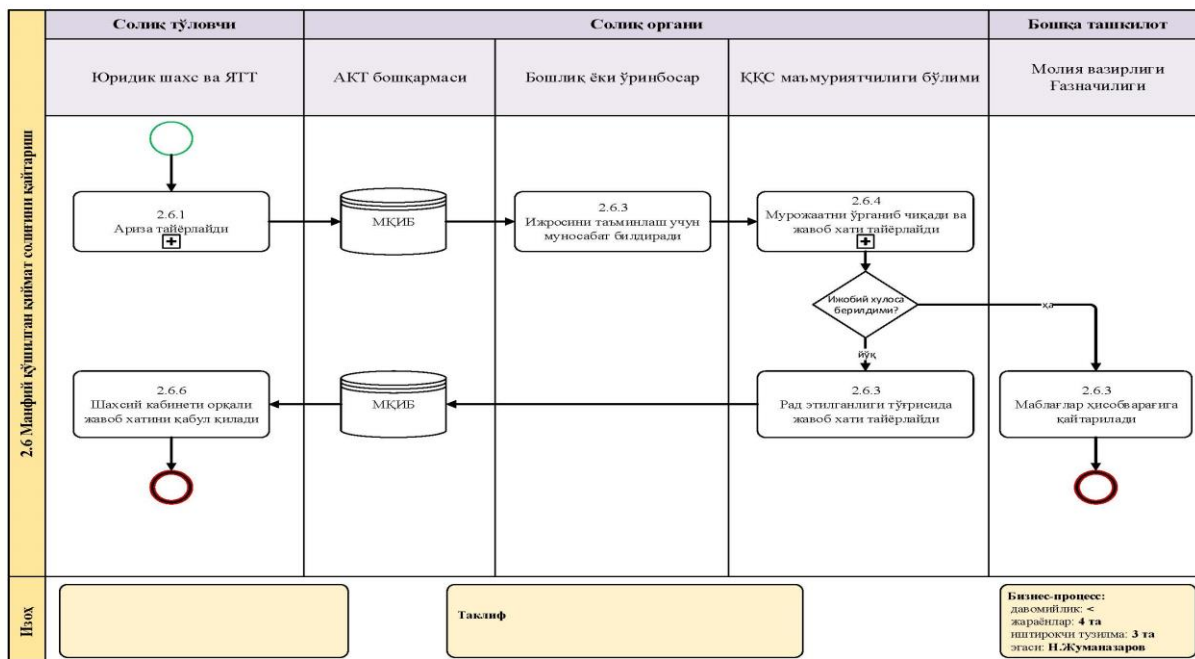


Figure 2. The process of consideration of the application for the refund of the amount of value added tax

In cases where the place of realization of the services is not recognized as the territory of the Republic of Uzbekistan, the contract and the bank statement confirming the payment for the services provided by the foreign buyer are the documents confirming that these services have actually been realized (provided). In

this case, based on the mediation agreement, a report confirming that the mediator's (agent's) mediation fee has been deducted from the amount received by the mediator from the client's account for the specified services (completion certificate) is submitted.¹

If these services are provided through the Global Internet information network (except services in electronic form), the contract and the bank statement confirming the payment for the services provided by the foreign buyer are the documents confirming that these services were actually performed.

The following documents are attached to the application for reimbursement of the tax amount on export operations:

contract (copy of an extract of the contract approved in the prescribed manner);

customs cargo declaration of the customs authority carrying out the issuance of goods with a mark for the removal of goods from the customs territory of the Republic of Uzbekistan;

documents to be attached to the goods with a mark confirming that the goods have been sent to the designated country of the customs authority located at the customs territory of the Republic of Uzbekistan;

intermediary agreement or assignment agreement (copy of the contract) concluded by the committee (assessor) with the taxpayer's intermediary or trustee in an additional way to confirm the export when the goods are realized under an intermediary (assignment) agreement to export through an intermediary (representative);

in case of realization of services for the international transportation of passengers, baggage, cargo, and mail – the single international transportation of passengers, baggage, cargo, and mail completed in the form in accordance with Appendix 5 to this Regulation register of transport documents;

bank reference confirming the receipt of foreign currency funds;

information on the export of goods and the receipt of foreign currency funds in accordance with Appendix 6 to the Regulation;

other documents depending on the type of activity to confirm that the goods have been exported.

If the documents specified in the second to sixth paragraphs of this clause are available in the unified electronic information system of foreign trade operations, these documents are not required to be submitted to the tax authority.

In almost all countries with VAT, there is a fight against organized fraud that tries to generate income from this tax. This material attempts to classify the types of VAT frauds, analyze the available tools to combat them, and propose measures for their improvement.

¹ Kurbonov Mukhiddin Abdullaevich. (2023). improvement of information and communication technologies in the organization and management of public procurement processes. World Scientific Research Journal, 16(1), 170–177. Retrieved from <http://wsrjournal.com/index.php/wsrj/article/view/2715>



What damage can be caused by VAT fraud.

Such frauds, as in tax evasion, lead to unequal competition and a decrease in state budget revenues. Every year in Europe, under the influence of VAT fraud schemes, 50 billion euros do not go to the state budget – this is an amount equal to the size of the GDP of the country of Greece. Profits remain with criminal groups, harming the legal economy and harming legitimate businesses.

The scope of VAT fraud in Uzbekistan is not very large – according to preliminary data, the amount of tax unjustifiably accounted for by suspicious transactions detected from August 2020 to January 2021 was about 1 trillion UZS.

Until 2019, these violations were not recorded in practice, due to the fact that the number of VAT payers was not large. As a result of tax reforms, the number of taxpayers has increased more than 16 times over the past 2 years, which has led to an increase in VAT fraud.

Conclusions

- phasing out indefinite tax incentives to reduce the impact of value added tax on prices and create a healthy competitive environment;
- revision of value added tax benefits for organizations that are part of various unions and associations;
- it is necessary to focus on reducing the human factor by improving the value added tax refund system;
- it is necessary to widely introduce an automated system in the process of refunding value added tax;

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