

Concept and Place of Tax Audit in the Modern System of Domestic Audit

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Abstract. The article shows the current context of economic diversification, it is no exaggeration to say that taxes and mandatory payments, which are a means of generating state budget revenues on the basis of ongoing and ongoing reforms in our country, have a special place. Settlements with the budget in the activities of joint-stock companies are mainly related to the system of taxes and mandatory payments, and their improvement is one of the urgent tasks of today to pursue a stable tax policy that ensures the steady replenishment of budget revenues.

Key words: auditing, taxes, budget revenues, tax policy, mandatory payments, economic development, tax system.

Introduction

In ensuring high rates of economic development, the role of tax system reforms to increase its effectiveness in a market economy is important.

President of Uzbekistan Shavkat Mirziyoyev notes that “The main idea of the new Tax concept introduced in 2019 is to reduce the tax burden, introduce a simplified and stable tax system and thereby increase the competitiveness of our economy, creating the most favorable conditions for entrepreneurs and investors.”[1]

Currently, Uzbekistan is implementing large-scale reforms in various areas of the country's socio-economic life, and improving the finances of enterprises is becoming an especially important factor, and a reform of the corporate finance system is underway. Under the influence of this reformation process, the economic environment is changing most rapidly.

Business as an economic category is a complex system that includes a significant number of interrelated elements, but for the purposes of our study, business as an object of audit can be clearly represented as the interaction of capital, transactions and performance.[2]

A comprehensive methodology for auditing the tax costs of an economic entity consists of the following stages:

- detailed analysis of the structure of tax costs, with the aim of further developing ways to optimize each type of tax costs;
- systematization of transactions related to taxation at various stages of business processes of an economic entity and the definition of control points;
- study of the facts of the economic life of an economic entity associated with the formation of taxable bases for various types of taxes;
- analysis of planned and actual payments of taxes and fees; identification of deviations;
- analysis of penalties for taxes and fees and their impact on financial performance;
- providing internal users with complete and reliable information of a forecast (strategic) nature within the framework of tax planning and forecasting;
- development of recommendations for optimization of the organization's taxation system;
- generalization of information on the state of tax calculations, determination of their total value;
- analysis of the costs of managing tax costs, including automation, external and internal control;
- development of recommendations for their optimization. Thus, in the course of the research, we identified the types of audit and the results of their application, which determine the systemic development of the audit of tax costs, within the framework of a business audit, aimed at monitoring the accounting of tax liabilities and tax costs, their planning, forecasting for the short and long term. - an urgent perspective in order to optimize the entire business system of an economic entity.[3]

Literature review.

Many scholars recommend separating tax audit and other audit consulting services, in particular:

- introduction of tax optimization schemes, taking into account the peculiarities of the organization's functioning;
- development of a system of measures to minimize tax risks, within the framework of the legislation of the Republic of Uzbekistan;
- tax planning and forecasting the amounts of tax liabilities in various forms of contractual policy of an economic entity;
- introduction of elements of tax planning, taking into account the complex organizational structure of an economic entity;

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- formation of options for adapting the existing system of tax accounting, planning to a possible transformation of legislation in terms of the calculation of taxes and fees;[4]
- setting up tax accounting and internal control systems;
- optimization of the accounting and taxation system;
- advising on tax accounting, current tax legislation, etc. Tax audit, according to L. V. Usatova, is an independent audit of the accounting organization, as well as the state of tax liabilities, determination of tax risks of an economic entity, minimization of the tax burden using tax planning.

In addition, the audit of tax liabilities considers:

- the validity of the preparation of tax reporting and its compliance with synthetic and analytical accounting;
- the correctness of the organization of tax accounting of an economic entity and its compliance with the legislation of the Russian Federation;
- determining the impact of distortions in tax reporting and ways to eliminate violations;
- controlled transactions;
- changes made by an economic entity to tax accounting and reporting.

In the definition presented by T. A. Terentyeva, the audit of tax reporting is disclosed as an analysis and assessment of the information provided in tax reporting to establish the consequences of the identified deviations in total terms.[5]

According to N. S. Kosova, the essence of tax audit can be defined as a type of audit service for an independent audit of the financial and economic activities and accounting system of an organization, in order to form an opinion on the compliance of the actions of an economic entity with the requirements of tax legislation. The narrow meaning of a tax audit is a special task related to the legal assessment of an organization's actions in relation to the fulfillment of tax obligations.

In the scientific and theoretical literature on accounting in the Republic, the financial result is often understood as the final economic result of the activities of the business entity, expressed in the form of profit or loss. It can be seen that such an approach to the financial result represents the end result of the business entity - profit or loss.[6]

Well-known Russian scientist Ya. Sokolov, in his book *Theoretical Foundations of Accounting*, considers financial performance to be one of the most difficult categories, and describes it as profit or loss for a particular reporting period. The financial result shows the change in the value of capital during the reporting period. If it grows, then it is about profit, if it decreases, it is about loss.[7]

Ya. In Sokolov's view, the financial result, i.e. profit or loss, can be seen as a change in capital, but it is not possible to know at what expense this change occurred. Capital can change at the expense of various sources, for example, the issuance of shares for additional transactions, the acquisition of free property, the receipt of financial assistance, the waiver of obligations, and so on.

Some economists view financial performance as the difference between income and expenses. This difference can be positive, so when it comes to benefits, or negative, then it is seen as harm. Thus, the harm can be interpreted in terms of the benefit of the negative sign. This creates a common model, according to which revenues are an inflow of incoming funds and expenses are an outflow of outgoing funds; profit (loss) - the difference that arises between them, and it changes it as reflected in the balance sheet.[8]

According to D. Kholboev, financial results are the increase or decrease of the entity's own funds in the course of entrepreneurial activity during a certain reporting period. It is determined solely on the basis of accounting data.

The two different accounting approaches considered result in a financial result that is the difference between asset growth or cash inflows and outflows.

Research methodology.

Theoretical and methodological basis of this article is general economic literature and scientific articles, research of economists on effective loan portfolio management in commercial banks, interviews with scientists and industry representatives, analysis of their written and oral feedback, expert evaluation, process observation, economic events and a systematic approach to the processes, conclusions, suggestions and recommendations in relevant areas through a comparative analysis with the author's experiences. In the process of studying the topic, along with general economic methods, special approaches to data structuring were used, such as comparison, aggregation of theoretical and practical materials, and systematic analysis.[9]

Analysis and results.

According to the Resolution of the President of the Republic of Uzbekistan "On the forecast of the main macroeconomic indicators and the parameters of the State budget of the Republic of Uzbekistan for 2019 and budget guidelines for 2020-2021" dated December 26, 2018, № PP-4086 for legal entities, the following changes were made: [10]

1) For corporate income tax:

№	Types of taxes and other obligatory payments	2019	2020	Changes
1.	Corporate income tax	basic rate – 14%, for commercial banks – 22%	basic rate – 12%, for commercial banks – 20%	-2% point
	Legal entities engaged in the production of cement (clinker), polyethylene granules	14%	20%	Unified
	Excess profit tax	50%		

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	Legal entities providing mobile communication services (mobile companies) depending on the level of profitability:			
	up to 20 percent	14%	20%	Unified
	over 20 percent	50%		

2) For property tax of legal entities:

№	Types of taxes and other obligatory payments	2019	2020	Changes
1.	Property tax of legal entities	5%	2%	-3% point

3) For land tax of legal entities:

№	Types of taxes and other obligatory payments	2019	2020	Changes
1.	Land tax of legal entities	Rates are indexed to 1.2 times over the previous year		

4) For mandatory contributions to state trust funds:

№	Types of taxes and other obligatory payments	2019	2020	Changes
1.	Mandatory contributions to state trust funds	3,2%	-	<i>abolished</i>

5) For a single social payment:

№	Types of taxes and other obligatory payments	2019	2020	Changes
A	Budget organizations and state enterprises, legal entities with a state share in the authorized capital (capital) of 50 percent or more, legal entities in whose authorized capital (capital) of 50 percent or more belong to a legal entity with a state share of 50	25%	25%	without changes

	percent or more, and their structural units			
Б	other payers not provided for in clause A	15%	12%	-3% point

As a result of such changes, about 10 trillion soums should remain at the disposal of economic entities.

This approach of the state gives each taxpayer the opportunity to expand production and plan medium-term activities of enterprises.

The developed concept of audit of tax costs, as an element of a business system, is aimed at solving problems in audit theory and allows:[11]

- to substantiate, proceeding from the formed market of audit services, the fiscal orientation of the Russian tax system, the fairness of the existence of audit of tax costs, as an independent direction in audit activities;
- legislatively assign to audit organizations the obligations stipulated by international auditing standards in terms of planning and documentation, which will have a positive effect on the quality of services provided, the confidence of users of tax reporting and, in general, on improving the financial condition of the audited entity;
- to determine the place of the audit of tax costs in the general system of auditing, separating it from the audit of financial (accounting) statements, as a new type of audit services and other services related to audit activities.

Based on the conclusions of the author and the presented definition, the following conclusion can be made. The tax audit system is a step-by-step process that the auditor carries out in order to provide services to the auditee in terms of taxation, accounting, planning, control of tax costs, allowing the auditor to reduce tax risks or minimize them to an acceptable level.

The implementation of International Auditing Standards in our country expands the capabilities of audit organizations to provide services in the field of tax audit, allowing, with varying levels of confidence, necessary for both external and internal users, to express their opinion on the state of tax costs, their accounting and control. Tax audits are carried out to monitor compliance with tax laws by taxpayers, payers of fees and tax agents.

A tax audit is carried out on the basis of the study and analysis of data on the taxpayer available with the tax authorities.

The tax authorities carry out the following types of tax audits:

- 1) cameral tax audit;
- 2) on-site tax audit;

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3) tax audit.

A tax audit is the verification of the correctness of the calculation and payment of taxes and fees for a certain period.

A tax audit is carried out in relation to a taxpayer (tax agent) belonging to the category of taxpayers (tax agents) with a high degree of risk.

Tax authorities shall send a notice of tax audit to the taxpayer at least thirty calendar days before the start of the tax audit.

The notice shall indicate the date of the start of the tax audit, a list of issues to be verified, a preliminary list of required documents, as well as other data required for conducting a tax audit.[12]

The tax authority, in agreement with the State Tax Committee of the Republic of Uzbekistan, has the right to start a tax audit without prior notification of the taxpayer if there are signs of tax evasion.

Tax audit of persons classified as large taxpayers is carried out by the Interregional State Tax Inspectorate for Large Taxpayers on the basis of an order from the head of the inspection (deputy head of the inspection).

Officials of other tax authorities may be involved in a tax audit.

The order of the head (deputy head) of the tax authority on conducting a tax audit shall indicate the name and identification number of the taxpayer being audited, the surname, first name, patronymic and position of the auditors, the timing and purpose of the tax audit.

By order of the head (deputy head) of the tax authority on the conduct of a tax audit, the program for its conduct is also approved.

Unless otherwise provided by Article 143 of this Code, only the period following the last tax audit, for which the limitation period established by Article 88 of this Code has not expired, may be covered by a tax audit.[13]

In case of voluntary liquidation of a taxpayer, a tax audit may cover no more than three years of the taxpayer's activity, immediately preceding the year of the audit.

During the period of the tax audit, the taxpayer is not allowed to make changes and additions to the tax reporting of the audited period.

The regulation on conducting a tax audit is approved by the State Tax Committee of the Republic of Uzbekistan.

A tax audit cannot last more than thirty days, unless otherwise provided by article 142 of the Code.

The term for a tax audit begins on the day the taxpayer (tax agent) is ordered to appoint a tax audit.

The term for a tax audit may be extended up to two months, and in exceptional cases - up to three months, unless otherwise provided by this article.

The grounds and procedure for extending the tax audit period are established by the State Tax Committee of the Republic of Uzbekistan.

The head (deputy head) of the tax authority also has the right to extend the tax audit for:[14]

- 1) requesting documents (information) in accordance with part one of Article 146 of this Code;
- 2) receiving information from foreign state bodies within the framework of international treaties of the Republic of Uzbekistan;
- 3) conducting expert examinations;
- 4) translation of documents submitted in a foreign language.

The extension of the tax audit period on the basis specified in paragraph 1 of part three of this article is allowed no more than once for each person from whom documents are requested.

The extension of the tax audit period is formalized by an appropriate order of the head (deputy head) of the tax authority conducting the tax audit.

The total term of a tax audit cannot exceed six months.

The term of the tax audit ends on the day of drawing up (signing) the act on the conducted tax audit.

The tax authorities are not entitled to conduct more than one tax audit of a taxpayer for the same taxes for the same period, except in cases where new circumstances are revealed that were not known to the tax authority during the tax audit. If new circumstances are revealed, the tax authority has the right to appoint a repeated tax audit. Based on the results of the tax audit, the tax audit report must be drawn up by the authorized tax officials who conducted this audit.

The tax audit report specifies:

- 1) the date of drawing up a tax audit act - the date of signing the act by the persons who conducted this audit;
- 2) full and abbreviated name or surname, name, patronymic of the person being checked. In case of checking a legal entity at the location of its separate subdivision, in addition to the name of the legal entity, the full and abbreviated name of the inspected separate subdivision and its location are indicated;
- 3) surnames, first names, patronymics of the persons who conducted the tax audit, their positions, indicating the name of the tax authority they represent;
- 4) the date and number of the order of the head (deputy head) of the tax authority to conduct a tax audit;
- 5) a list of documents submitted by the auditee during the tax audit;
- 6) the period for which the tax audit was carried out;
- 7) the name of the tax in respect of which the tax audit was carried out;

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- 8) the start and end dates of the tax audit;
- 9) the address of the location of the legal entity or the place of residence of an individual;
- 10) information on tax control measures carried out during the tax audit;
- 11) a detailed description of the tax offense (if any) with reference to the relevant norm of tax legislation;
- 12) conclusions and proposals based on the results of the tax audit.

If, based on the results of the tax audit, no violations of tax legislation have been established, an entry about this is made in the tax audit act.

Documents confirming the facts of violations of tax legislation revealed during the audit are attached to the tax audit act.

Conclusion

The form and requirements for drawing up a tax audit act are established by the State Tax Committee of the Republic of Uzbekistan.

The tax audit act is drawn up in at least three copies.

All copies of the tax audit report are signed by the tax officials who conducted the tax audit. One copy of the tax audit report is handed over to the taxpayer within three days after its completion. The taxpayer is obliged to sign for the receipt of the tax audit report on all copies of the act indicating the date of receipt. The copies of the tax audit report remaining with the tax authority are attached to the tax audit materials.

The signature of the taxpayer in the tax audit report does not mean his agreement with the results of the tax audit.

If a taxpayer (his representative) evades receiving a tax audit report, an official of the tax authority makes an appropriate entry about this in the tax audit report. In this case, one copy of the tax audit act is sent to the taxpayer by registered mail at the location of the legal entity (separate subdivision) or the place of residence of an individual.[15]

If the tax audit act is sent by registered mail, the date of delivery of this act is the fifth day from the date of sending the certified letter.

To a foreign legal entity (with the exception of an international organization or a diplomatic mission) that does not operate on the territory of the Republic of Uzbekistan through a permanent establishment, the tax audit act is sent by registered mail to the address contained in the Unified Register of Taxpayers of the Republic of Uzbekistan. The date of delivery of this deed is considered the twentieth day from the date of sending the certified letter.

The person in respect of whom the tax audit was conducted (his representative), in case of disagreement with the facts set out in the tax audit report, and (or) with the conclusions and proposals of the auditors, within ten days from the date of receipt of the tax audit act, has the right to

submit to the relevant tax body of written objections to the specified act as a whole or to its individual provisions.

The taxpayer has the right to attach to the written objections or, within the agreed period, submit to the tax authority documents (their certified copies) confirming the validity of their objections.

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