



Ways to Increase the Influence of Taxes in The Development of Financial and Economic Activities of Construction Enterprises

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ABSTRACT

In this article the construction enterprises are analyzed, the results of the financial and economic activities of construction enterprises directly depend on objective and subjective factors, influence on cement prices as a result of the different payment of land, given the main reason for determination of the cost of production of cement raw materials as a basis for calculating the tax on the use of subsoil.

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I. Introduction

The development of the financial and economic activities of construction enterprises should be considered in two aspects. Firstly, the economic and financial indicators of previous periods of the construction enterprise will be analyzed, balanced parties will be preserved, work on the necessary aspects of improvement will be worked out. Secondly, based on the requirements of the time, promising programs for the development of new types of construction work will be developed. The choice of which of these two areas is more related to the existing means of the construction enterprise and the

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opportunities to attract investment. At the same time, the results of the financial and economic activities of construction enterprises directly depend on the taxes paid by them, if there are a lot of taxes and a high tax burden, there will be no incentives not only for development, but also for the continuation of these activities. If the tax burden is at the regulatory level, that is, it makes it possible to invest in expanding the activities of the funds remaining at the disposal of the construction enterprise after paying all taxes, in which case the prospects for its development will be high.

It should be noted that the internal and external environment of production enterprises is influenced by objective and subjective factors. These factors are classified theoretically and practically. Based on this, in our opinion, taxes will be included in the number of objective factors. Taxes are one of the factors that directly affect the economic situation of the enterprise. The reason is that the tax burden directly coming to the enterprise is determined based on the volume of products sold by the enterprise on the basis of the rates of taxes paid. Trends in the impact of taxes on the activity of the enterprise are changing as a result of tax rates, raw materials prices and sales prices and other impacts[1].

II. Main part

In the case of analyzing these circumstances in connection with the practice of the republic, as we studied in previous departments of dissertation work, in the period until 2019, construction enterprises had the right to choose a simplified tax procedure or tax regime based on the status of a small business entity. Due to the possibility of paying a single tax payment instead of several taxes in a simplified manner and several times less than in the national order, in most cases there is a tendency to conceal the number of employees. Moreover, in accordance with the Act on Guarantees of Freedom of Entrepreneurial Activity, construction enterprises have the right to maintain a single tax payment in a simplified manner as a small business entity in the amount of not more than 50 people per year[2]. Such a practice, widely implemented in the republic from 2005 and lasting until 2019, in the national order created the basis for the tax burden to be several times less than for construction enterprises paying taxes.

It is necessary to take into account the issues of changes in tax types, based on the amount of income received from the activities of the construction enterprise, or an increase in the tax burden due to changes in the number of employees, as well as the payment or non-payment of value added tax, depending on the sources of financing from which the construction work was carried out.

The payers of value added tax on objects carried out on the basis of competitive bidding with the involvement of centralized sources of financing for the construction of construction enterprises-payers of a single tax payment in a simplified manner in accordance with the current Tax Code of the Republic of Uzbekistan until 2020. Enterprises performing construction work on objects carried out with the involvement of centralized sources of financing, in accordance with the new version of the Tax Code, introduced since 2020, do not have the right to switch from turnover to payment of taxes in a simplified manner. Also in accordance with the Concept for improving tax policy in the country, approved on the basis of the Decree of the President of the Republic of Uzbekistan "On the Concept for Improving Tax Policy of the Republic of Uzbekistan" of June 29, 2018, from January 1, 2019, the transition of legal entities, including construction enterprises, annual defense (revenue) of which more than 1 billion sums,

on taxation in the state order and value added. This circumstance, given in the legislation, we analyze the impact of construction enterprises on their financial activities on the basis of the following data:

table 1.

Analysis of VAT calculation for 2018 for construction facilities carried out on the basis of centralized sources of financing in LLC "Уй-жай қурылыс" (in thousands of sums)¹

N / p	activities	sum
1.	Total scope of construction works performed (together with VAT)	27462082,5
2.	Construction works performed (excluding VAT)	25401872,5
3.	Including work through centralized sources of financing (excluding VAT)	10301050,0
4.	VAT for the work done through centralized sources of financing	2060210,0
5.	VAT recorded for performed works at the expense of centralized sources of financing	234948,3
6.	VAT credited to budget	1825261,7
7.	Total Accrued Single Tax Payment	331131,6
8.	Net profit of the enterprise	1143370,2
9.	Use of VAT paid for the work done on the basis of centralized sources of financing	1825261,7

It follows from table 1 that the limited liability company "Уй-жай қурылыс" carries out construction work through centralized sources of financing and decentralized sources. In 2018, the total volume of work performed without value added tax amounted to 25401872.5 thousand sums, of which the work performed amounted to 10301050.0 thousand sums, 40.55% - due to centralized sources of financing. Due to these centralized sources, the state budget was charged value added tax in the amount of 2060210.0 thousand sums, taking into account value added tax, paid in the amount of 234948.3 thousand sums for raw materials, materials and other services spent on these construction works. In order to build affordable apartment buildings in cities, the "Уй-жай қурылыс" Limited Liability Company reduced the unified tax payment base in the amount of 18777304.2 thousand sums[4] for dividends received in the amount of 1937.3 thousand sums, as well as reduced net profit in the amount of 331131.6 thousand sums. However, as a result of calculating the value added tax from the volume of work done at the expense of centralized sources, there was a decrease in profit by 1825261.7 thousand sums. It turns out that the calculation of value added tax from the volume of work carried out at the expense of centralized sources negatively affects the financial activities of construction enterprises, based on this in small volumes - Annual defense of construction workers as subcontractors It is advisable to cancel the calculation of value added tax on objects, the construction of which is carried out on the basis of competitive bidding with the involvement of centralized sources of financing with the preservation of the right to pay turnover tax to construction enterprises, the revenue of which does not exceed 1 billion sums in a simplified manner. Since the value added tax paid in this case causes a

¹ The construction enterprise was prepared by the author on the basis of reporting data.

decrease in the net profit of the construction enterprise and an uneven competitive environment for objects that are increased due to centralized sources of financing and decentralized sources.

table 2.**Analysis of production cost in LC "KKRASI BETON" (in thousands of sums)[3]**

items of expenditure	2014	2015	2016	2017	2018	2019
Distribution of wages and social insurance	1154140,27	1379631,72	877046,04	693363,94	2511789,15	795524,6
raw materials	9349804,11	12929760,04	9324448,16	13470187,29	12191665,28	11113708,57
Electricity, gas and water costs	37519,52	42035,79	34239,01	34597,79	75409,87	40826,84
Work performed by subcontractor	4610660,52	5147463,89	3196813,8	4703262	1050000	3747551,03
Depreciation deductions	1618028,41	1712351,78	1515517,14	1611883,54	1693269,55	1454681,376
rent	85000	100000	100000	120000	120000	65420,56
Expenses included in another cost price	706056,99	514193,99	267290,54	38313,85	268044,97	26098,25
total cost	17561209,82	21825437,21	15315354,69	20671608,41	17910178,82	17243811,23

Table 2 shows that raw materials account for the largest share of production costs in a private enterprise. This is natural, since costs directly related to the main production (construction) are reflected in the cost price. Based on this, the main place is occupied by the costs of raw materials in construction work, in general in production processes. If in 2014, after the share of raw materials, the work performed by the subcontractor was in place, then in 2018 the share of wages and social insurance accrued to it increased, in 2019 the share of work performed by the subcontractor increased. This enterprise is not only limited in the performance of construction work, but also produces construction materials. The production of concrete products of various types includes costs for electricity, gas and water, but the absence of high costs means obtaining the main income from construction work. If in 2014 these expenses amounted to 37519.52 thousand sums, then in subsequent periods there were no sharp changes, then only in 2018 they reached 75409.87 thousand sums, and in 2019 they amounted to 40826.84 thousand sums. Such fluctuations in these costs are associated, firstly, with the volume of production of concrete products, and secondly, with the change in prices for electricity, gas and water, but these costs were very low - about 0.2 percent. However, the main reason for changes in depreciation costs is the process of acquisition and write-off of fixed assets.

table 3.**Change in the value of cement purchased at KKRASI BETON by a private enterprise in 2018-2019 (in thousands of sums)²**

N / p	raw-material	Quantity, ton	Price, thousand sums	Total cost, thousand sums	VAT, thousands of sums	VAT valuation, thousands of sums
1.	Portland cement PC-400 D-20	31,04	585,0	18158,4	-	18158,4
2.	Portland cement PC-400 D-20	314,9	514,3	161948,6	32389,7	194338,3
3.	Portland cement PC-400 D-20	400	333,3	133333,3	2666,7	160000,0
	in total	745,9	x	x	x	372496,7

Table 4 shows that cement prices "Portland cement PC-400 D-20 " of the same type came in different ways if in February 2018 the value of cement purchased by the first was relatively expensive - 585,0 thousand sums, but the price of cement came without value added tax, a cement ton purchased at the JSC plant "Kyzylkumcement" in June 2018, 514.0 the cost from 285 thousand sums is calculated by value added tax and amounts to 617.142 thousand sums. However, when this raw material is received, the material report does not take into account value added tax and deductions are made when calculating the value added tax transferred to the budget. The price purchased on February 28, 2019 for 400 tons of cement of this particular brand "Portland cement PC-400 D-20 " is much cheaper than the cements purchased earlier, while the price with a value added tax amounted to 400.0 thousand sums per ton. In total, during this period, 745.94 tons of Portland Cement PC-400 D-20 cement were purchased at an average of 499.365 thousand sums per ton, but at different prices. This is due to the imperfection of the mechanism for calculating the tax for the use of subsoil, which is one of the factors affecting the variety of pricing in cement producing enterprises.

Conclusion

As a result of large-scale practical work on cement production, several plants are launched in the republic. The existence of differences in cement prices as a result of the different payment of land use tax by these plants creates unequal competition for construction enterprises for construction, construction and installation, repair and construction work. The main reason for this is the determination of the cost of production of cement raw materials as a basis for calculating the tax on the use of subsoil for cement raw materials. Such a cost of a cement plant differs from its technology. In our opinion, together with the increase in the tax rate for the use of subsoil for cement raw materials, it is advisable to establish the average cost of selling cement as a taxable base.

²The construction enterprise was prepared by the author on the basis of reporting data.

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2. Paragraph 3 of the first part of Article 5, paragraph 3 of the Law of the Republic of Uzbekistan "On guarantees of freedom of entrepreneurial activity" No. 69-II of May 25, 2000.
3. The construction enterprise was prepared by the author on the basis of reporting data.
4. According to the Resolution of the President of the Republic of Uzbekistan dated November 22, 2016 No PQ-2660 "On measures to implement the program of construction and reconstruction of affordable housing in cities in 2017-2020" exempt from all taxes and mandatory payments (except value added tax) on the case.