

## Role of Cameral Tax Inspection in the Tax System

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**Annotation:** This article analyzes the importance of in-house inspections and their specific features in the correct calculation of mandatory payments to the state budget through the control of the activities of business entities on the basis of tax legislation.

**Key words:** business entities, control, inspection, in-house inspection, budget, tax, tax control, tax system, tax policy.

**Introduction.** Today, one of the priorities of state economic and financial policy is to create favorable and necessary conditions for the free operation of business entities. Illegal inspections of business entities by government agencies and unwarranted interference in business activities have a negative impact on the financial and economic activities of enterprises and are one of the factors hindering their development.

In this regard, special attention is paid to the need to be honest and fair taxpayers and encourage their activities, which are the main pillars of socio-economic development of the country. However, due to the created opportunities, there are a number of shortcomings in the activities of business entities. In particular, as of January 1, 2020, as a result of 29,355 in-house inspections conducted in Samarkand region, 490,443.9 mln. soums of additional tax was calculated and collected <sup>1</sup>.

In particular, the Address of the President of the Republic of Uzbekistan to the Oliy Majlis states: the abolition of certain taxes through effective tax administration and the introduction of a uniform tax regime for all by ensuring fiscal stability and reducing the tax burden <sup>2</sup>.

**Analysis of the relevant literature.** Tax control and its role in ensuring fiscal policy and its improvement is one of the topics of constant research of scientists and experts. In this direction scientists O.B.Buzdalina, F.F.Khanafeyev, M.V.Mishustin, A.I. Ponamorev, T.V.Ignatova, M.A.Bogatyrev, A.B.Zolotoreva, G. Kh.Aliev, E.V.Bogdankevich, A.Yu.Golovin, A.Z.Dadashev, A.G.Duyunov, V.N.Edronova, V.A.Krasnitskiy, X.M.Musaeva, E.V. Porolo, I.L.Filon, T.A.Efremova, T.A.Valerevich, I.T.Bataev, A.A.Buklanova, A.S.Advokatova, A.N.Bisultanov, V.G.Panskov, T.A.Tyuleneva, O.V.Kurbatova, O.K.Nutsalxanova, K.V.Sarafanov, L.Drobyshevskaya, S.Kumacheva, K.Yakhyoev, J.R.Zaynalov, B.I.Isroilov, M.I.Alimardonov, T.S.Malikov, N.H.Khaydarov, Sh.O.Toshmatov, scholars such as B.Tashmuradova, H.B.Zaripov, N.B.Ashurova, K.N.Tukhsanov, I.M.Niyazmetov, N.Oblomurodov, F.Tolipov conducted research.

**Research methodology.** Analysis, synthesis, grouping, comparison and other methods are used in the research on the organization of the in-house tax audit and its conduct.

<sup>1</sup> Data of the State Tax Committee of the Republic of Uzbekistan

<sup>2</sup> Address of the President of the Republic of Uzbekistan to the Oliy Majlis of December 28, 2018. / People's speech, December 29, 2018. Mirziyoev Sh.M. Decree No. PF-5468 of June 29, 2018 "On the Concept of Improving the Tax Policy of the Republic of Uzbekistan" // People's Speech June 30, 2018.

**Analysis and results.** Ensuring the state budget revenues has been one of the main tasks of the tax system. In this case, it is necessary that the tax system does not hinder the production process, does not violate the principle of justice, does not create artificial barriers to the activities of large and small businesses.

The priorities of tax control in our country are the prevention of violations of the tax system, encouraging taxpayers to voluntarily fulfill their tax obligations and preventing the application of illegal tax rules.

Tax control and its role in ensuring fiscal policy and issues of its improvement have been studied by foreign scientists and researchers: O.B. Buzdalina, F.F. Khanafeev, A.N. Romanov, M.V. Mishustin, I. Ponamarev, T.V. Ignatova, M.A. Bogatyrev, A.B. Zolotareva, G.X. Aliev, E.V. Bogdankevich, A.Yu. Golovin, A.Z. Dadashev, A.G. Duyunov, V.N. Edronova, V.A. Krasnitskiy, Kh.M. Musaeva, E.V. Porolo, I.L. Filon, T.A. Efremova, T.A. Valerevich, I.T. Bataev, A.A. Buklanova, A.S. Advokatova, A.N. Bisultanov, V.G. Panskov, T.A. Tyuleneva, O.V. Kurbatova, O.K. Nutsalkhanova, O. Zhuk, K.V. Sarafanov, L. Drobyshevskaya, S. Kumacheva, and others.

In particular, the foreign scholar T.A. Valerevich stated that "tax control is an important element of taxation, ensuring timely and complete collection of tax revenues in accordance with the current legislation of the country, and its organization should be consistent with the principles of taxation." It shows the definition of the content [3].

In addition, the Russian scientist O.K. Nutsalkhanova wrote about the concept of tax control in a broad sense, "Tax control in the broadest sense is a set of state control measures aimed at ensuring effective public financial policy, supporting economic security and central and local fiscal interests." [4].

Additionally, the textbook developed by the team of authors states: «Tax **control** - accounting of taxable entities and objects, compliance with tax legislation, the correct calculation of taxes, mandatory payments to the Extra-budgetary Pension Funds under the Ministry of Finance of the Republic of Uzbekistan.» [6].

Taking into account the opinion of these scientists, it is expedient to define tax control as follows:

**Tax control** is a form of control that regulates the financial relations between the elements of taxation, taking into account the mandatory payments of taxpayers to the budget in accordance with the tax legislation in order to form the budget revenues of the country<sup>3</sup>.

The priorities of tax control regulation are to prevent violations of the tax system, to encourage taxpayers to voluntarily fulfill their tax obligations, and to refrain from applying illegal tax rules. In this regard, the organization of in-house tax audits is of course important in the conduct of tax audits.

**In-house tax audit** - tax reports submitted by taxpayers, tax agents and (or) other information on the activities of the taxpayer in the tax authority in order to verify the correct calculation of taxes and fees by taxpayers (tax agents), timely and complete payment to the budget system is an inspection conducted by the tax authority on the basis of study and analysis.

In particular, in the regulation of tax control in the country on January 7, 2021 came into force the Regulation "On tax risk management, identification of taxpayers (tax agents) at risk and the organization and conduct of tax audits"<sup>4</sup>.

**When organizing an in-house tax audit, this tax audit is conducted in the following cases:**

- in the presence of a risk of violation of tax legislation, identified on the basis of the tax risk management system;

<sup>3</sup> Definition given by the author to tax control

<sup>4</sup> Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On the procedure for tax risk management, identification of taxpayers (tax agents) with tax risk and their classification by level of tax risk": January 7, 2021 № 1

- when discrepancies or errors are detected in the tax return submitted by the taxpayer.

The purpose of the above tax audit is to observe violations of the law in the documents submitted to the tax service in the conduct of business activities, as well as certain discrepancies, errors and omissions in the submission of financial statements. This can lead to an increase in tax risk on taxpayers. In such cases, the tax authorities have the right to conduct an in-house tax audit in the following cases:

- when the tax authority receives complaints from individuals and legal entities about violations of the requirements of tax legislation;
- when a taxpayer submits a defined tax return that reduces the amount of tax payable or increases the amount of loss incurred in relation to the tax return previously filed.

At the same time, it seems that our tax-paying business entities allow their activities to be inspected in return for the mistakes they make. As a result, it turns out that the income is hidden and paid in the form of a reduction in the amount of tax that must be paid to the budget. In such cases, the tax authority shall determine the procedure for conducting an in-house tax audit.

It is still observed that the amount of tax collected by business entities operating in our country in accordance with the tax legislation differs from the actual situation. It is a fact that one of the major problems of our economy today is the fact that individual entrepreneurs and business entities engaged in entrepreneurial activities have reduced or non-payment of various taxes payable to the state budget in relation to their real income (profits). We believe that the fact that such a situation persists in the fiscal policy of our country indicates that our taxpayers are not accountable to the state and society, their socio-moral level of taxpayers is insufficient. It is obvious that any targeted funds allocated for the socio-economic development of our country is one of the important tasks in the development and economic potential of our country. This is one of the important factors in increasing the share of funds in the budget of our country.

**Conclusions and suggestions.** Based on all the information mentioned above, we found it expedient to carry out the following work. It should be noted that these views and comments, in turn, lead to the effectiveness of impartial tax audits:

1. in the implementation of constant control by the tax service body to establish direct and open communication with commercial banks, to establish transparency in remote access to information in the continuous monitoring of cash flows of enterprises and individual entrepreneurs:

**First of all, it will help** businesses and individual entrepreneurs to keep accounts of dubious income and expenses in their accounts during their activities.

**Second,** financial transactions carried out illegally by business entities are prevented.

**Third,** if an in-house tax audit is scheduled to take place in an enterprise, the focus may be on increasing the chances of determining whether the tax payments were properly transferred to the budget.

**Fourth,** by strengthening financial sanctions for gross violations of tax legislation by our businesses, it will be possible to fully retain the tax payments that should have gone to the state budget.

We consider it expedient to apply the above-mentioned proposals to our business entities.

But we must not forget that there is another side to the coin. In other words, during this in-house tax audit, there are cases of objections by our businesses to the tax service. It is important to consider the following when dealing with these situations:

**First of all**, we believe that it is expedient not to conduct a re-in-house tax audit for the period when the in-house tax audit was conducted in the activities of our business entities.

**Second**, due to the re-in-house tax audit of the activities of our business entities, the activities of our enterprises have a significant negative impact on excessive activity, financial overhead, production, trade or services and other processes. In addition, the re-appointment of the in-house tax audit is likely to lead to corruption between our businesses and the tax authorities.

**Third**, it is advisable to increase their tax literacy in order to limit the unjustified submission of tax notices and applications to the activities of business entities by employees of the tax service, as well as to take preventive measures for moral damages.

In conclusion, our main task is to establish a rational system of tax control in the state tax service of the Republic of Uzbekistan, to eliminate the shadow economy in full compliance with the legislation of the tax system. Further improvement and implementation of economic reforms in the tax system, strengthening legal and organizational control over compliance with tax legislation in the regulation of tax control, organization and methodology of tax control in the development of small business and its further strengthening in the economy. is to develop aspects of

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