

PROFIT TAX CALCULATION AND DEDUCTION TO THE BUDGET OF ACTUAL CASE ANALYSIS

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ANNOTATION

In this article, special emphasis is placed on profit and profit tax, the reasons why economic entities avoid it, despite the fact that profit tax is a fair tax, are revealed. Issues of creating a competitive environment in the economy of taxing the profits of enterprises in the context of the digital economy are described, and conclusions and proposals aimed at ensuring the strengthening of the State budget revenues of the Republic of Uzbekistan through the profit tax are given.

Keywords: legal entities, profit, profit tax, tax administration, state budget, tax types, yields, share, production, collection, calculation.

1. INTRODUCTION

In the context of the digital economy, taxation of enterprise profits is considered an important factor in creating a competitive environment in the economy and ensuring economic growth.

Profit tax as an economic-financial category is used to ensure socio-economic development, including as a factor of economic growth. It is reflected in the creation of favorable conditions for clearly defining the country's socio-economic development prospects and ensuring the effectiveness of the strategies developed within the framework of the tasks aimed at it. Therefore, the profit tax, like other types of taxes, is gaining importance in financial relations within economic entities. On the one hand, this helps to protect the interests of the state, on the other hand, the interests of all enterprises, as well as to serve for the development of the economy.

President of the Republic of Uzbekistan Sh.M. As Mirziyoev noted, creating conditions for the organization of business activities and the formation of permanent sources of income, increasing the share of the private sector in the GDP to 80 percent and the share in exports to 60 percent... Reduction from 5 percent to 25 percent.[1] Optimizing the effect of profit tax on the activities of business entities is an urgent issue in improving the tax policy.

2. LITERATURE REVIEW

According to the scientific and theoretical literature, the profit tax is the fairest among the taxes collected from the activities of economic entities. Because this tax is applied to the actual profit determined by deducting all expenses incurred in the activity from the total income of the business entity. In other words, the enterprise pays tax only if it makes a profit according to the results of its economic activity. Other taxes applied to the income of business entities, such as turnover tax, are not of this nature. Therefore, the most effective mechanism for fair taxation of enterprises is the profit tax.

It provides an opportunity for the establishment of decentralized savings by all economic entities that have managed to organize rational taxation of profit on a scientific basis. The more

efficient legal entities are, the greater their financial stability, solvency, profit and sum of tax deductions. [2]

The possibility of such situations is a reason to think about the calculation of changes in the organization of financial results, the ratio between the costs of distribution and redistribution and the results of real profits, the growth of manufactured products, and the possibility of using them in determining tax rates.

Profit is the last financial result of business entities operating on a commercial basis, and is one of the main financial sources of income of the republican and local budgets.[3] When prices are stable, the increase in profit dynamics indicates that the enterprise is operating efficiently. The increase in profit increases the financial power of the enterprise, the possibility of establishing a fund for the development of production and social sphere, as well as financial incentives for employees.

Nobel laureate, English economist J. Hicks states that profit is an indicator that can be used in a certain period of time and should have a positive balance at the end of the period compared to the beginning of the period.[4]

According to S.F. Pokropivnyy, profit is a part of the income remaining after expenses incurred on production and trade activities of the enterprise [5].

B.A. Raizberg, L.Sh. Lozovsky, E.B. According to Starodubtseva, profit is an increase in income from the sale of goods and services over the costs of production and sale. [6] considers that.

According to N.N. Seleznova, A.F. Ionova, profit is a monetary representation of net income compared to added capital [7].

According to N.K. Haydarov, profit is the last financial result of economic entities operating on a commercial basis, and it is one of the main financial sources of income of the republican and local budgets. [8]

According to S.S.Alieva, profit is a payment for the services of business activity, introduction of innovative types of products, change of the production process, as well as a reward for economic risk [9].

One of the main issues in the scientific study of profit tax is the correct determination of its taxation base. Calculating the profit margin requires the study of many indicators. These indicators and their interrelationship with each other influence the following indicators on the factors affecting the amount of profit tax, i.e. revenue from the sale of goods, cost of goods sold, income, expenses, income and expenses of financial activities, extraordinary profit and loss, profit tax report ctavcaci and other factors during the period.

Profit is the income received from the sale of goods and services, and is a monetary expression of the excess of the costs of production and sale of goods. Part of the profit is paid directly to the state budget or state trust fund through taxes.

Profit tax is a tax calculated by deducting from the total income the expenses related to the receipt of income, i.e. the expenses proved and confirmed by the document, as well as the losses incurred by the taxpayer, provided for in the Tax Code.

3. RESEARCH METHODOLOGY

The methodology of our research is the calculation of profit tax and the collection of it in the budget is an economic relationship. The concept of profit and theoretical issues of profit tax

were summarized. During the research, methods such as comparison and grouping of practical materials were used, and conclusions and proposals were developed.

4. Analysis and results.

Today, almost all countries of the world have introduced profit tax. In particular, 218 countries of the world currently charge profit tax. The rate of profit tax in 44 of these countries is 0-10%, 50 is 10-20%, 111 is 20-30%, 26 is 30-40%, and 2 is 45-55%. Profit tax revenue is 26.3% of world GDP and 33.0% of taxable income. It can be seen that "the profit tax is one of the main types of taxes that form the budget revenues of the countries of the world and is an important means of regulating the country's economy".[10]

Due to the reduction of the tax burden and profit tax rate, the tax base in the Republic of Uzbekistan is expanding and the number of profit tax payers is increasing.

If we analyze the number of profit tax payers in Uzbekistan in the last five years, 7,559 enterprises in 2018, 53,051 in 2019, 115,572 in 2020, 145,434 in 2021, and 184,142 enterprises in 2022 were considered as profit tax payers.

The number of profit tax payers in the Republic of Uzbekistan increased by 24.4 times in 2022 compared to 2018, the main reason for this is the Decree of the President of the Republic of Uzbekistan on June 29, 2018 "On the Concept of Improving the Tax Policy of the Republic of Uzbekistan" and the new version of the Tax of the Republic of Uzbekistan, which came into force on January 1, 2020. We consider it to be the implementation of the code.

If we look at the rate of profit tax in the Republic of Uzbekistan by years, it was 36.0% in 1997, 31.0% in 2000, 15.0% in 2005, 9.0% in 2010, and 7.5% in 2015 and following years. , from January 1, 2019, the profit tax rate was reduced from 14 percent to 12 percent. In 2020 - 2023, this indicator was 15.0 percent.

Income from profit tax in the Republic of Uzbekistan is increasing year by year (Table 1).

Table 1 Analysis of profit tax revenue and its share in the Republic of Uzbekistan in 2018-2022.

billion soums

No	Indicators	2018	2019	2020	2021	2022
1.	Amount of gross domestic product	424 728,7	529 391,4	602 193,0	734 588,0	888 342,0
2.	State budget revenues	79 099,0	112 165,4	132 938,0	164 799,0	202 043,0
3.	Direct taxes	15 656,2	31 676,8	45 206,9	58 930,0	64 447,0
4.	Profit tax revenue	3 502,2	16 360,6	28 712,3	38 363,0	37 650,0
5.	Share of profit tax in GDP, %	0,8	3,1	4,8	5,2	4,2
6.	Share of profit tax in State budget revenues, %	4,4	14,6	21,6	23,3	18,6
7.	Share of profit tax in direct taxes, %	22,4	51,6	63,5	65,1	58,4

Analyzing the data in Table 1,

In 2018-2022, the amount of the Gross domestic product in Uzbekistan - from 424,728.7 billion soums to 888,342.0 billion. to soums, the amount of State budget revenues - 79,099.0 billion.

from soums to 202,043.0 billion soums, the amount of direct taxes - 15,656.2 billion soums. from soums to 64,447.0 billion soums, the amount of profit tax is 3,502.2 billion soums. increased from soums to 37,650.0 billion soums. During this period, the share of profit tax in GDP increased from 0.8% to 4.2%, the share of State budget revenues increased from 4.4% to 18.6%, and the share of direct taxes increased from 22.4% to 58.4%.

Revenues from profit tax in 2022 amounted to 37.6 trillion soums, which decreased by 713.0 billion soums or 1.9% compared to 2021.

In addition to gold and copper mining enterprises (NKMK and OKMK), profit tax revenues at the expense of other taxpayers amounted to 20.3 trillion soums in 2022, an increase of 7.6 trillion soums or 60% compared to 2021.

In particular, profit tax receipts by taxpayers (without NKMK and OKMK) registered in the Interregional Tax Inspectorate for Large Taxpayers amounted to 13.9 trillion soums in 2022, an increase of 5.4 trillion soums or 64% compared to 2021.

Profit tax receipts by regional taxpayers amounted to 6.4 trillion soums in 2022, an increase of 2.2 trillion soums or 52% compared to 2021.

According to the analysis of profit tax revenues by types of economic activities (economic sectors), the largest share of revenues (88 percent) corresponded to 5 types of economic activities.

In 2022, a significant increase in tax revenues was observed in the financial and insurance activities (by 1.7 times), in the construction sector (by 1.6 times), as well as in the manufacturing and wholesale and retail trade sectors (by almost 1.4 times).

Analysis of profit tax receipts to the state budget of the Republic of Uzbekistan by types of economic activity in 2020-2022

billion soums

№	Indicators	2020 year		2021 year		2022 year		Growth, %	
		Amount	share, %	Amount	share, %	Amount	share, %	2022/2021.	2022/2021.
	Жамғ	28 712,2		38 363,3		37 649,9		130,8	
	<i>from that, by sectors</i>								
1.	Production	2 851,5	9,9	4 380,8	11,4	6 485,1	17,2	227,4	148,0
2.	Financial and insurance activities	1 884,0	6,5	2 546,5	6,6	4 410,6	11,7	234,1	173,2
3.	Wholesale and retail trade	1 399,5	4,9	2 016,7	5,2	2 911,0	7,7	208,0	144,3
4.	Construction	840,0	2,9	933,3	2,4	1 503,7	4,0	179,0	161,1
5.	Mining and open pit operations	19 503,9	67,8	25 740,5	67,0	17 822,7	47,3	91,4	69,7

A number of factors contributed to the decline in income tax, including:

1) As a result of the reduction of the high rate of profit tax for NKMK and OKMK from 75% to 50% and the increase in the costs of these enterprises, these taxpayers paid less profit tax in the amount of 8.3 trillion soums compared to 2021 (the difference in the reduced rate of profit tax was charged to the budget in the form of a dividend) .

2) In 2022, the norms of depreciation deductions have been increased by an average of 2 times. As a result, according to the tax reports of the 9th month of 2022, almost 1.3 trillion soums of the 8.9 trillion soums deducted from the profit tax base due to the increase in the amount of depreciation norms remained at the disposal of economic entities.

3) The amount of one-time investment discount has been doubled. As a result, taxpayers simultaneously reduced the tax base for profit tax by 1,264.0 billion soums, and almost 190 billion soums remained at their disposal.

4) 2,854 taxpayers were given the opportunity to reduce the costs associated with the purchase of online cash registers and special devices connected to the virtual cash register, which ensure the correct reading and identification of barcodes and digital marking codes, at the expense of profit tax. 1 billion soums left.

5) Exemption from paying profit tax for the participants of special economic zones was introduced depending on the size of their investments (for investments of up to 3-5 million US dollars - for a period of 3 years; for investments of up to 5-15 million US dollars.

6) for a period of 5 years; for investments of USD 15 million and above - for a period of 10 years). As a result, 151.6 billion soums were left at the disposal of 55 taxpayers.

A number of factors have had a positive impact on the growth of income tax. Including:

1) The number of profit tax payers was 165,200 in 2022, which increased by 24,600 or 17.5% compared to 2021.

2) In 2022, the number of taxpayers who will pay lump sum payments for profit tax will be 19,788, which has increased by 5,461 or 38.1% compared to 2021.

3) The amount of reserve funds created by commercial banks for probable losses was reduced from the profit tax base to 80 percent (100 percent of the reserves created in 2021 were deductible from the tax base). As a result, the profit tax paid by commercial banks in 2022 increased by 1.2 trillion soums or 99 percent compared to 2021.

In addition, the increase in profit tax revenues was positively influenced by the reduction of excise tax rates for polyethylene and mobile communication services, the abolition of excise tax on liquefied gas, the improvement of tax administration, including the result of pre-inspection analysis and other control measures.

Conclusions and Suggestions

The tax rate should not only ensure the necessary level of incentives for enterprises by making a profit, but also ensure the growth of the country's budget revenues and the flow of investments. Therefore, it is required not to violate a certain limit of the income of business entities, which may lead to the loss of interest of taxpayers in the organization of business activities.

In accordance with the new development strategy, the main task of the country's tax policy is to increase profit tax revenues by expanding profit tax-paying entrepreneurship and creating a favorable business environment and increasing the transparency of tax administration and expanding the additional tax base. Constitutional reforms implemented in order to create a strong legal foundation for the development of the new Uzbekistan will serve the well-being of the people and human dignity.

Based on the above considerations, it is possible to highlight the following several suggestions and recommendations for profit tax and tax administration:

1. It is necessary to ensure the regulation of the financial mechanism of the strategy of its improvement in taxation of profit. In this way, opportunities are created to maintain the organic relationship between the elements of enterprise profit taxation, i.e. tax rate, tax base, tax allowance, tax payment periods, etc. within optimal limits.
2. We believe that it is appropriate for the state to conduct an active tax policy to stimulate the production of innovative products by enterprises paying profit tax.
3. We believe that it is necessary to digitally transform the activities of tax authorities and mechanisms of tax administration, to introduce new software products into the activities of tax authorities.

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