

REFLECTION OF CHANGES IN THE TAX SYSTEM OF THE REPUBLIC OF UZBEKISTAN IN THE WORLD BANK'S "DOING BUSINESS" RATING

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Abstracts. The author of the article noted that in recent years, with the aim of creating relaxation for business entities, the base of many normative legal acts has been regulated, measures are being taken to create a favorable business environment and a positive influence of country on the international arena. The "Doing Business" rating is a rating that reflects the level of ease of doing small and medium business in the country. In turn, this rating is an international rating, which serves as a reflection of our work in this area and a specific signal for foreign investors.

Keywords: tax, tax burden, tax payments, doing business.

In recent years, in order to create more favorable opportunities for business entities, many regulatory frameworks are being regulated, measures are being taken to create a favorable business environment and a positive image of the country among other countries. The "Doing Business" rating is known as a rating that reflects how easy to do small and medium business in the country. In turn, this rating is a reflection of our work in this sphere and an international rating that serves as a particular signal to foreign investors.

In the Doing Business 2020 annual ranking of the World Bank and International Finance Corporation, the Republic of Uzbekistan ranked 69th out of 190 countries, with a score of 69.9 out of 100, an improvement of 7 positions compared to the previous year.

The role of the Republic of Uzbekistan in the report of "Doing Business 2020" in terms of the criteria of the index of convenience of the tax system

No	Number of indicators	The result achieved	Points given
1	Number of taxes and other mandatory payments	9	90
2	Time spent preparing tax reports	181	79.6
3	Amount of tax burden	32	92.3
4	Index of processes after tax reports and payments		48.2
4.1	Time (in hours) spent on preparation of application and documents for refund of overpaid VAT	Not available	0
4.2	Time spent on refunding excess VAT (in weeks)	Not available	0
4.3	Time (in hours) to comply with income tax adjustment requirements	6	92.7
4.4	Time spent adjusting income tax (in weeks)	0	100

Note: The report of assessing the convenience of index of "Doing Business" has a 2-year delay, which means that the "Doing Business 2020" report reflects the 2018 results. Therefore, the report did not show any changes in the last year.

The Doing Business report analyzes 10 different areas in assessing the convenience of doing business in the country, existing specific assessment criteria for each area, and these criteria are aimed at assessing the level of difficulties to doing business as much as possible. The "Tax system" is one of the top 10 indicators of the convenience running business.

The World Bank uses a specially-prepared methodology to assess the favorable tax environment for doing business in the country (this assessment methodology was developed in collaboration with PWC, and the assessment of annual changes in "Taxation" is also carried out by PWC branches in each country). In the assessment process, the assessment of the way of "Taxation" on the basis of a standard company model, which is the same for all countries, is carried out according to the following 4 criteria.

1. Number of taxes and other mandatory payments.
2. Time spent preparing tax reports.
3. Amount of tax burden.
4. Index of processes after tax reports and payment

The calculations show that the Republic of Uzbekistan ranked 69th out of 190 countries with a score of 77.5 points, an improvement of 0.6 points over the previous year in the field of "Taxation".

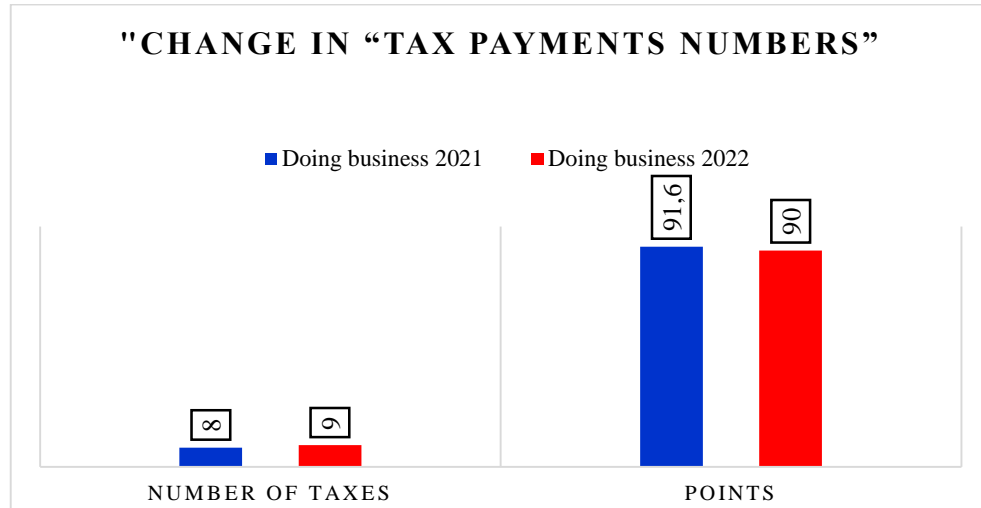
The analysis of the position of the Republic of Uzbekistan in the field of "Taxation" shows that there is a lot of time spent on the preparation of basic reports and there does not exist the practice of refunding overpaid VAT.

At the same time, changes in tax policy in 2019 will be shown in the annual report of the World Bank "Doing Business" in October 2020, in the annual report "Doing Business 2021".

Including:

1. Changes affecting the sphere of "**Tax payments number**": the mandatory allocation to the Pension Fund (8 percent) was cancelled due to the changes in the tax system started from 2019.

As a result, the "Tax payments number" was reduced from 9 to 8, and the rating score in this area is expected to improve from 90.0 to 91.6 (Diagram 1).



Changes affecting the direction of "**Time spent on the preparation of tax reports**":

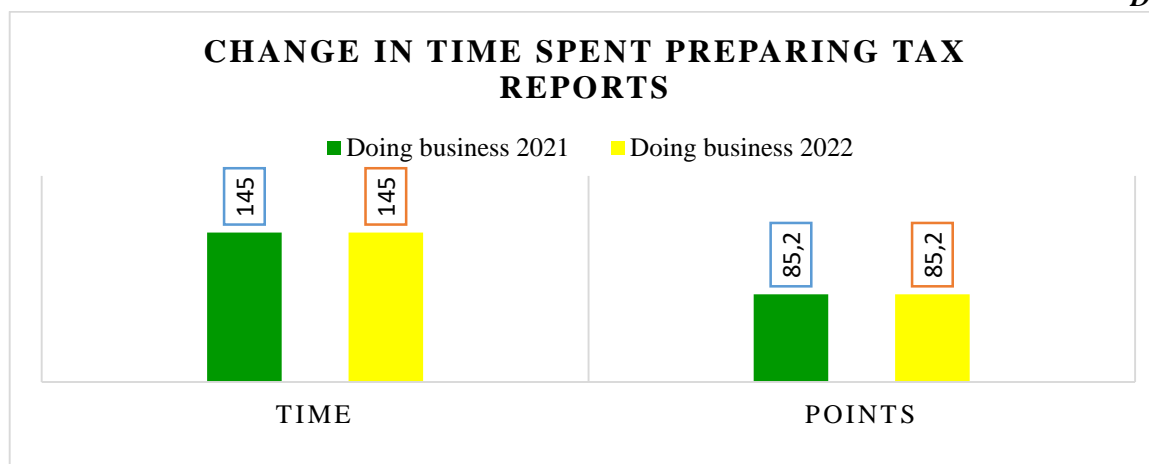
- The system of registration in the Nation Bank on the allocation of citizens to the Accumulative Persian Fund (APF - 0.1%), introduced in 2019, was cancelled in 2020, and now reports to the tax authorities and registration to the Nation Bank are submitted separately.

- From 2020, the existing practice of advance payment of income tax has been cancelled.

- A system of monthly submission of VAT (previously reports were submitted in each term) was introduced.

As a result, the "Time spent on the preparation of tax reports" is being seen to be reduced by 3 hours due to the cancellation of the pre-payment practice, but increased by 3 hours due to the other 2 changes. For 2020, a 145-hour index and a score of 85.2 will be maintained (Diagram 2).

Diagram 2



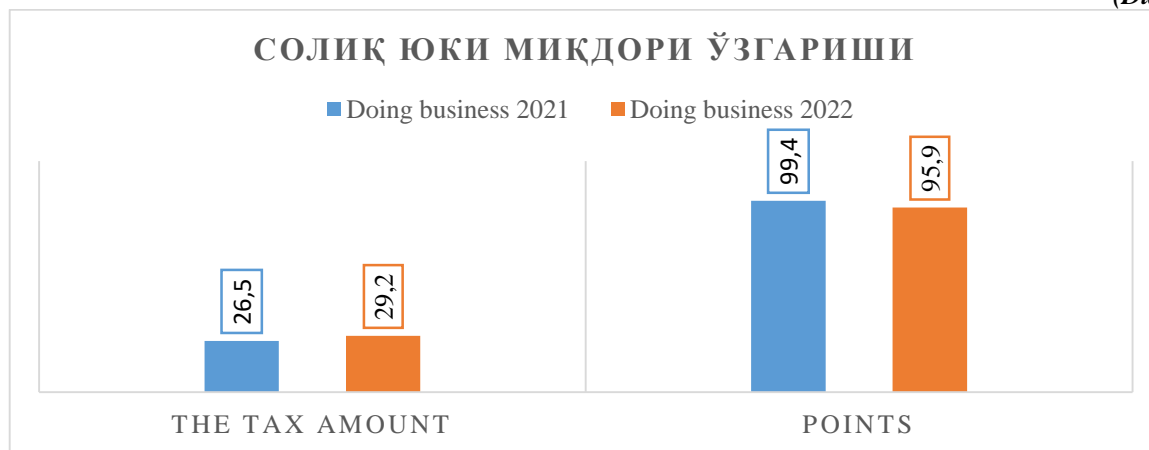
Article 259 of the Law of the Republic of Uzbekistan No. ZRU-599 of 30.12.2019 "On alterations and additions to the Tax Code of the Republic of Uzbekistan".

Changes affecting the "Amount of tax burden ":

the corporate income on legal entities tax rate was increased by 3 percent, to the point of 15 percent.

As a result, the "Amount of tax burden" is likely to increase from 26.5 to 29.2, and the rating score in this area is likely to fall from 99.4 to 95.9 (Diagram 3).

(Diagram 3)



The implementation of the above proposals will not only have a real positive impact on the business process, but also help to improve the position of the Republic of Uzbekistan in the "Doing Business" rating. The goal of the reforms is not to improve our position in international rankings, but to improve the real situation

"Tax Code of the Republic of Uzbekistan (New Edition). Approved by the Law of the Republic of Uzbekistan dated 30.12.2019 No. ZRU-599. Article 337