

INCOME TAX AUDIT IN INTERNATIONAL STANDARDS

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Abstract. This article is devoted to the improvement of tax administration related to profit tax. Income tax is an important source of revenue for the government, and effective tax administration is essential to ensure effective revenue collection and compliance by taxpayers. This analysis explores various aspects of tax administration that could be improved to simplify the process, reduce tax evasion and create a more business-friendly environment. The analysis includes a review of relevant literature, studies and experiences from different countries.

Keywords: Tax, profit tax, methods and tools, tax revenue, advanced information and communication technologies.

INTRODUCTION

Income tax indicators are one of the most important objects of accounting and auditing, which are the main means of information and control. On a global scale, accounting and auditing models that are subject to tax purposes (Continental), not subject to tax purposes (Anglo-Saxon) and mixed (South America), respectively, have formed their principles. In particular, our republic is on the path of developing accounting and auditing systems characteristic of a mixed content model. According to the Decree of the President of the Republic of Uzbekistan dated February 24, 2020 No. PP-4611 “On additional measures for the transition to international financial reporting standards” [5], the gradual transition of enterprises of the republic to general IFRS, the introduction of a special tax audit in accordance with the new edition of the Tax Code [4], which came into force on January 1, 2020, is a clear confirmation of this.

MATERIALS AND METHODS

Methodological issues of accounting and auditing of income taxes are covered in textbooks, teaching aids and scientific articles by foreign scientists such as M.M. Bogdanova, John Graham, Jana Raedy, Douglas Shackelford, V.Ya. Kozhinov, A.A. Savin, V.I. Podolsky.

By examining the current state of corporate income tax administration and identifying areas for improvement, this analysis aims to contribute to ongoing

discussions and efforts to improve tax administration practices. It recognizes the importance of a robust and efficient corporate income tax system in promoting economic growth, ensuring tax fairness and maintaining public confidence in the tax system.

Overall, this analysis seeks to provide valuable insights into the challenges and opportunities for improving corporate income tax administration and to provide recommendations for improving the administration of this important tax.

RESULTS AND DISCUSSION

The importance of income tax, the need to reduce the level of information and audit risk that is constantly present, and other aspects require a special approach to this tax audit. Since the status, purpose, functions, objects, plan, income tax audit program, the time allotted for the audit, the level of professional knowledge of the auditors conducting it, the level of agreement between the client and the audit organization in the concluded agreement, the optimal amount of satisfaction both sides, etc. are considered important conceptual issues.

Canadian scientist Pinto, O. (2016) noted that tax factors are important in assessing international competitiveness, and a country's tax system is a key indicator of its competitiveness. Income taxes affect the costs and cash flows of businesses. The author also notes 5 tax factors affecting international competitiveness. These are the following:

1. Profit tax rates;
2. Other taxes and fees
3. Investment discounts;
4. Complexity of the tax system;
5. Direct foreign investments.

Qatari economist Abdellatif, M. (2005) concluded that tax competitiveness is an important part of the competitiveness of the country as a whole.

Tax competitiveness reflects recent developments in tax policy in developing countries. A reduction in the tax rate and a complete abolition of tax credits can create a somewhat efficient tax system. However, it does not take into account the specific characteristics of a number of entrepreneurial activities and positive aspects related to external influences.

Until 1991, the revenues of the state budget of the Republic of Uzbekistan were mainly formed at the expense of allocations from the profits of state enterprises. This profit deduction was a compulsory payment established by the state, which brought up to 90 percent of the balance profit of enterprises to the budget. The remaining funds were not distributed by the enterprise, but according to the order of the higher organization, to the appropriate funds. Due to the transition of our republic from the administrative-command system to the market relations, profound positive changes

began to take place in the economic life of our country. As a result, with the development of different forms of ownership, the increase in the opportunities of enterprises, and the development of market infrastructure, the previous system of mandatory allocations failed to ensure the efficiency of enterprises' management and they began to interfere with direct and indirect investment programs. Because, according to its economic essence, the profit deduction should be separated only from the profits of state enterprises. With the development of market relations, there was a need to regulate the economy with the help of taxes, in particular, to introduce income tax instead of profit deductions, and since 1992, all types of economic entities have switched to paying "Income" tax. While the Republic of Uzbekistan remained in the ruble zone, the transition to income tax was a mandatory measure by the state to limit wage growth due to currency devaluation. In such conditions, the financial situation of producers began to deteriorate. As a result, the demand for the product decreased and the amount of income received from sales decreased, they were forced to change the direction of their production and pay a very large amount of wages to the workers, even if they did not make a profit.

CONCLUSION

To sum up, the profit tax from legal entities is of particular importance in the tax legislation of our country. The profit tax from legal entities was introduced in our country on January 1, 1991. Today, it is one of the most important types of taxes in the tax system of our country. Profit tax is included in the group of general taxes according to the budget. According to the effect of the economic activity of the enterprise, it is included in direct taxes. The reason is that the profit tax depends on the financial result of the enterprise, that is, it is collected from the profit of the enterprise.

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