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### **PROCEDURE FOR CONDUCTING A TIMING INSPECTION OF THE REVENUE FROM THE SALE OF GOODS (WORKS, SERVICES) AND CALCULATING TAXES FROM THE REDUCED REVENUE AMOUNT**

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#### **Annotatsiya:**

Ushbu maqola soliq to'lovchilarining real vaqtda xronometrik nazoratini amalga oshirishda ko'zlangan maqsadlarni va uning soliq to'lovchilarining soliq qonunchiligiga rioya qilishiga ta'sirini tahlil qiladi. Maqolada xronometrik nazoratning usullari, soliq tekshiruvining mexanizmlari, shuningdek, soliq to'lovchilar tomonidan amalga oshiriladigan to'lovlar va ularning tushumlarining tahlili haqida so'z boradi.

#### **Annotation:**

This article analyzes the goals and impact of implementing real-time chronometric control over tax payers and their compliance with tax legislation. It discusses the methods of chronometric control, the mechanisms of tax audits, and an analysis of payments and revenue generated by tax payers.

#### **Аннотация**

Статья анализирует цели и влияние реализации хронометрического контроля за налогоплательщиками и их соблюдением налогового законодательства в реальном времени. Рассматриваются методы хронометрического контроля, механизмы налоговых проверок, а также анализ платежей и доходов, получаемых налогоплательщиками.

President of the Republic of Uzbekistan, Shavkat Mirziyoyev, during the years 2017-2021, emphasized the need to systematically simplify the tax system and reduce the tax burden by expanding the tax base within the framework of the Action Strategy for the five priority areas of development of the Republic of Uzbekistan. Additionally, it is necessary to introduce

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modern methods of tax administration, as well as to increase the collection of taxes and other mandatory payments.

It is essential to widely introduce modern information and communication technologies and advanced automated analytical methods into the tax administration process, and to fully transition to providing electronic services to taxpayers, especially to business entities, without direct interaction.

Comprehensive assistance to taxpayers in fulfilling their tax obligations, developing effective mechanisms for the prevention of tax violations, raising the legal culture of taxpayers, and implementing modern methods of tax control are necessary. This includes ensuring complete coverage of taxable objects through systematic analysis of macroeconomic indicators and the tax potential of regions, and implementing effective measures to expand the tax base.

At the same time, certain problems in the field of tax administration, including tax collection, expanding the taxable base, and improving the legal culture of taxpayers, have negatively impacted the ability to secure stable sources of financing for the country's socio-economic development programs.

In particular, the introduction of modern information and communication technologies into the activities of tax authorities has not yet ensured the transparency of tax administration, cooperation with relevant ministries and agencies on taxation matters, the effectiveness of control, or the accessibility of public services. The inadequacy of mechanisms for organizing tax control, including the designation of tax audit objects without the necessary analysis, has reduced the efficiency of identifying tax violations and their early prevention.

The lack of effective tax control over the activities of markets and trading complexes has resulted in the failure to fully mobilize existing reserves for replenishing local budgets and ensuring the guaranteed return of cash funds. This was highlighted in the Decree of the President of the Republic of Uzbekistan No. PF-5116, dated July 18, 2017, 'On Measures to Fundamentally Improve Tax Administration, Increase the Collection of Taxes and Other Mandatory Payments.'

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In this regard, alongside reducing inspections of entrepreneurial entities in our country, measures are being taken to improve the control system, including the implementation of the timing inspection system. As is known, all tax-related matters are regulated by the Tax Code. According to Article 71 of the Tax Code, standards for timing inspection are provided.

In the Decree of the President of the Republic of Uzbekistan No. PQ-3802, dated June 26, 2018, 'On Measures to Fundamentally Improve the Activities of State Tax Service Bodies,' it was stipulated that from October 1, 2018, the state tax service bodies are to send a demand to calculate taxes for the last reporting period based on the results of timing inspections conducted on the activities of business entities. If a reduction in revenue from the sale of goods (works, services) and the number of employees is repeatedly identified, these actions will be qualified as tax evasion.

Timing inspection is a form of tax control aimed at determining the actual volumes of revenue, cash inflows, production volumes, and sales volumes of goods (works, services) during the period of the timing inspection. Participants in the timing inspection include authorized officials of the state tax service, the taxpayer, and their representatives. Involving other individuals, including experts, in the timing inspection is not allowed.

The timing inspection of cash receipts, production volumes, and sales volumes of goods (works, services) is carried out by the state tax service officials at the locations where goods (works, services) are sold by taxpayers, directly at the points of sale, in production workshops, as well as at locations where work is performed, services are provided, and in other places related to the maintenance of taxable objects used by taxpayers to generate income. This process involves observation and recording.

During the process of carrying out a timing inspection to determine the actual volume of goods (works, services) sold, it is not allowed to require accounting documents from the taxpayer, make demands on the taxpayer, or interfere with the taxpayer's activities in any other way. Exceptions include obtaining explanations from the taxpayer, as well as individuals performing management, accounting, and financial management functions, or other materially responsible employees of the taxpayer, and retrieving information from cash registers and payment terminals for the period of the timing inspection.

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The timing inspection is conducted continuously for no more than seven calendar days, based on the taxpayer's established work schedule and type of activity. If the timing inspection period coincides with rest days, the days missed are counted starting from the next working day, and the timing inspection is not considered a tax audit.

The necessity to determine the actual volumes of revenue, cash inflows, production volumes, and the volume of goods (works, services) sold serves as the basis for conducting a timing inspection.

The list of taxpayers subject to timing inspection is formed according to the following criteria:

- Suspicious data regarding the understatement of revenue from the sale of goods (works, services), and volumes of production, service provision, construction, construction-installation, and repair-construction as indicated in reports compiled during inspections and surveys aimed at clarifying information about tax objects and objects related to taxation.

Information provided by ministries and departments (external sources) suggesting discrepancies in the tax and financial reports submitted by the taxpayer to the tax authorities, as well as other data indicating an understatement of revenue from the sale of goods (works, services) and the volume of production, services, construction, construction-installation, and repair-construction.

Significant discrepancies in daily average revenues among several entities located in the same area (street, market, trade complex, neighborhood) with similar types of activities and sales volumes.

Reports of substantial differences between daily revenues from the sale of goods (works, services) through cash payments and payment terminals.

Information indicating a significant decrease in revenues from the sale of goods (works, services) compared to previous periods and failure to deposit sales revenues in full to bank cash registers.

Data showing that, considering the characteristics of the taxpayer's activities, work schedule, and seasonal factors, receipts from online cash registers were not issued for at least two to three hours during a working day. Information about a decrease in revenue from the sale of goods (works, services) by more than 50% compared to the revenue determined during the timing inspection period in subsequent periods following the timing

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inspection; Information about discrepancies between the average monthly revenues and the volume of goods entered through electronic invoices.

An order to conduct a timing inspection to determine the actual volumes of goods (works, services) sold is issued by the head or deputy head of the state tax authority if discrepancies are found that suggest a reduction in the actual volume of goods (works, services) sold by the taxpayer and in tax objects during the accounting process of tax objects and objects related to taxation, as defined by the criteria listed in clause 9 of this regulation.

The order of the state tax authority to conduct a timing inspection to determine the actual volumes of goods (works, services) sold must mandatorily include the taxpayer to be inspected, their identification number, the location and period of the inspection, and the responsible officials of the state tax authority who will conduct the inspection.

The results of the timing inspection are used to create and maintain databases of information about tax objects and objects related to taxation, including in electronic form, as well as to compare the reliability of the submitted reports and the amounts of calculated taxes and other mandatory payments.

The state tax authorities compare the data on revenue from the sale of goods (works, services) during the timing inspection period indicated in the taxpayer's tax report, taking into account the characteristics of the taxpayer's activities and seasonal factors, with the revenue obtained from the timing inspection process.

Based on the reports formalized at the conclusion of the timing inspection, a desk audit is carried out after the taxpayer submits a tax report for the timing inspection period, following the requirements of Article 70 of the Tax Code. For discrepancies found in the tax reports submitted for the timing inspection period, taxes and other mandatory payments are calculated in the following order:

- $YST = (XNT \times IK) \times SS$  — Unified Tax Payment
- $QQS = ((XNT \times IK) - NT) \times SS$  — Value Added Tax (VAT)
- $FS = (((XNT \times IK) \times RD) - NT) \times SS$  — Corporate Profit Tax
- $AS = ((XNT \times IK) - NT) \times SS$  — Excise Tax
- $NS = ((XNT \times IK) - NT) \times SS$  — Tax for the Use of Subsoil

Where:

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- **XNT** — The average daily revenue identified through the timing inspection.
- **IK** — The number of working days in the reporting period as determined during the timing inspection.
- **NT** — The declared revenue for goods (works, services) in the taxpayer's report.
- **SS** — The applicable tax rate.
- **RD** — Profitability level from the previous reporting period.

The process described suggests that if signs of underreporting the revenue from the sale of goods (works, services) are detected during the period covered by the timing inspection, the tax authorities will issue a demand notice to the taxpayer according to Article 70 of the Tax Code.

If the taxpayer is repeatedly found to underreport the revenue, it is considered an act of tax evasion, and appropriate measures will be taken as prescribed by law. This procedure is based on the regulatory guidance registered with the Ministry of Justice of Uzbekistan under number 3148 on April 3, 2019.

In conclusion, the primary purpose of conducting timing inspections is to ensure that taxpayers fully comply with tax legislation. Additionally, it aims to prevent the imposition of administrative, financial penalties, and criminal liability on taxpayers.

Strengthening control by tax authorities during the timing inspection, especially in monitoring that all cash revenues are accurately recorded in cash registers and payments are not evaded from payment terminals, is advisable.

The effectiveness of timing inspections conducted on business entities leads to positive outcomes, including comprehensive revenue coverage and an expansion of the tax base.

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