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International Journal of Economic Perspectives,16(10),61-67

Retrieved from <https://ijeponline.org/index.php/journal>

IMPROVING INCOME TAX ANALYSIS METHODOLOGY IN BUSINESS ENTITIES

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Abstract: In this article, the role of profit tax from legal entities in the composition of tax revenues, its impact and importance on the financial results of economic entities is studied. The necessity of optimizing tax expenses, making tax payments on time, reducing the tax burden, and effectively organizing and implementing tax analysis was noted.

The analysis of the company's tax payments and the factors affecting its change lays the groundwork for the adoption of appropriate management decisions on the optimization of tax expenses and the coordination of tax obligations. Due to the fact that tax payments are one of the main shares in the structure of expenses in the enterprise, its economic analysis is of great importance. From this point on, the article describes the dynamic analysis of the profit tax levied on legal entities, the factors influencing its change, the models of their connection with the result indicator, and the methods of economic analysis used in calculating the value of the influence of factors. Tax base, tax rate, taxable profit, non-deductible expenses, non-taxable income and exemptions are studied as factors affecting the amount of profit tax. Also, the participation of these indicators in the formation of the net profit of the enterprise is indicated.


The method of calculation of the factors affecting the change of the amount of profit tax is revealed on the basis of practical data. In this, the practical aspects of applying the integral method of the economic-mathematical methods of balanced connection, chain displacement, among the traditional methods of economic analysis, are highlighted.

Keywords. tax payment, tax burden, tax payment analysis, factor analysis, profit tax, multiplicative model.

INTRODUCTION

As a result of large-scale reforms carried out in our country in recent years, the tax system has been fundamentally reformed. As a result, tax legislation and administration were improved based on international experience. However, global economic fluctuations, the strengthening of international integration processes, the state policy aimed at the further development of the national economy by increasing the investment attractiveness require the further improvement of the tax system based on the requirements of the times. In particular, in the development strategy of New Uzbekistan for 2022-2026, "to reduce the tax burden on business entities from 27.5% to 25% of the gross domestic product by 2026" is defined as one of the priority goals. ¹This creates a basis for increasing the financial stability of business entities by reducing tax payments and tax expenses. Therefore, improving the accounting and tax system in the Republic of Uzbekistan on the basis of international standards and experiences is one of the urgent tasks of today.

¹Decree of the President of the Republic of Uzbekistan "On the Development Strategy of New Uzbekistan for 2022-2026", January 28, 2022, No. PF-60. <https://lex.uz/docs/5841063>

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Today, the share of profit tax collected from legal entities in the structure of tax revenues is increasing more and more. In particular, as of July 1 of this year, we can see that the share of corporate profit tax in the total tax revenue is 26 percent, the highest rate compared to other types of taxes (Figure 1).

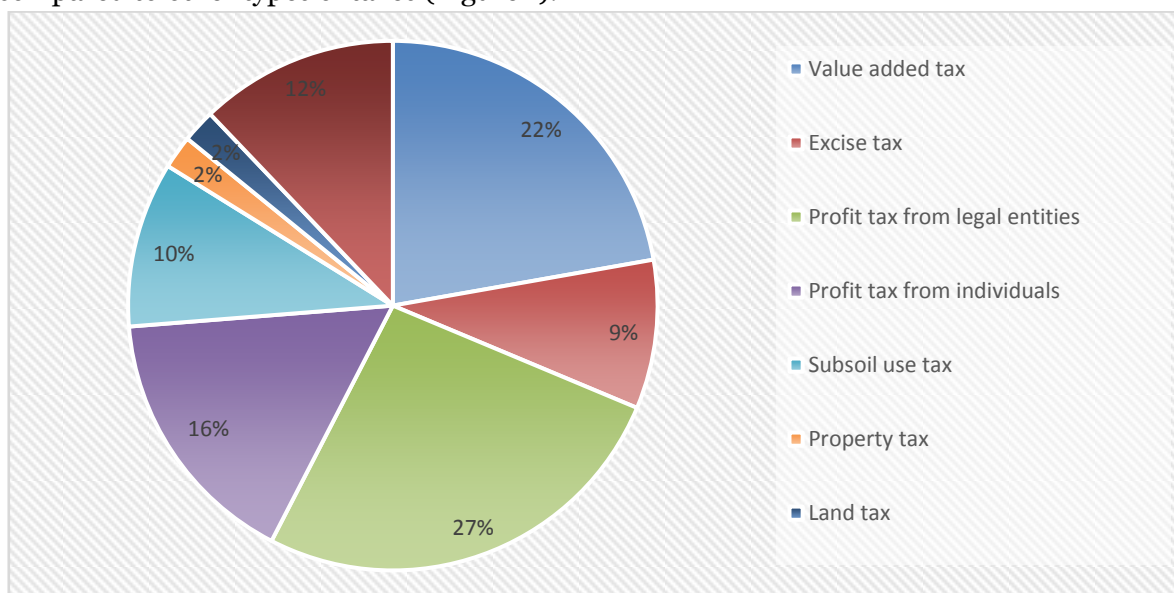


Figure 1. Share of tax types to total revenue as of July 1, 2022 (percentage)

The increase in the amount of profit tax can be explained by the expansion of the number of taxpayers of this type, tax objects and bases. After all, in recent years, this type of tax has no tendency to increase. The profit tax paid by economic entities operating in our republic directly affects their financial results. This creates the need to optimize the costs related to this tax through economic analysis in the management of economic entities. However, in practice, the methodology for analyzing the amount, base and factors influencing its change has not been sufficiently developed. This requires the development of methods for the calculation and analysis of tax payments in economic entities, and the implementation of the existing ones by improving them based on new requirements.

ANALYSIS AND RESULTS

In the analysis of tax payments, it is important to improve the methodology of analysis for individual types of taxes. For example, improving the methodology of analysis of profit tax, value added tax and other types of taxes is one of the urgent issues facing business entities today. The analysis of the profit tax is carried out by the state tax service and financial authorities at the macro level, while at the micro level it is carried out by the business entities that pay the tax.

The main purpose of the analysis of tax payments is to determine the possibilities of optimizing the taxation process of the business entity. By comprehensively studying and analyzing tax expenses, based on its results, scientifically based conclusions are formed, and management decisions are made on the timely implementation of tax payments in the enterprise. Based on this, the object of the analysis of tax payments in economic entities is the taxes, fees and mandatory payments paid by them. Conducting the analysis of tax payments, on the one hand, allows to study the processes related to tax payments of an economic entity, and on the other hand, it serves to conduct an effective price policy based

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on the correct planning of the enterprise's business activities. . This allows to increase the income and profit indicators of economic entities.

Currently, in practice, economic entities are fulfilling their tax obligations in the general or codified system of the tax system. Among the main types of taxes paid by enterprises in the general system of tax payment is the profit tax collected from legal entities.

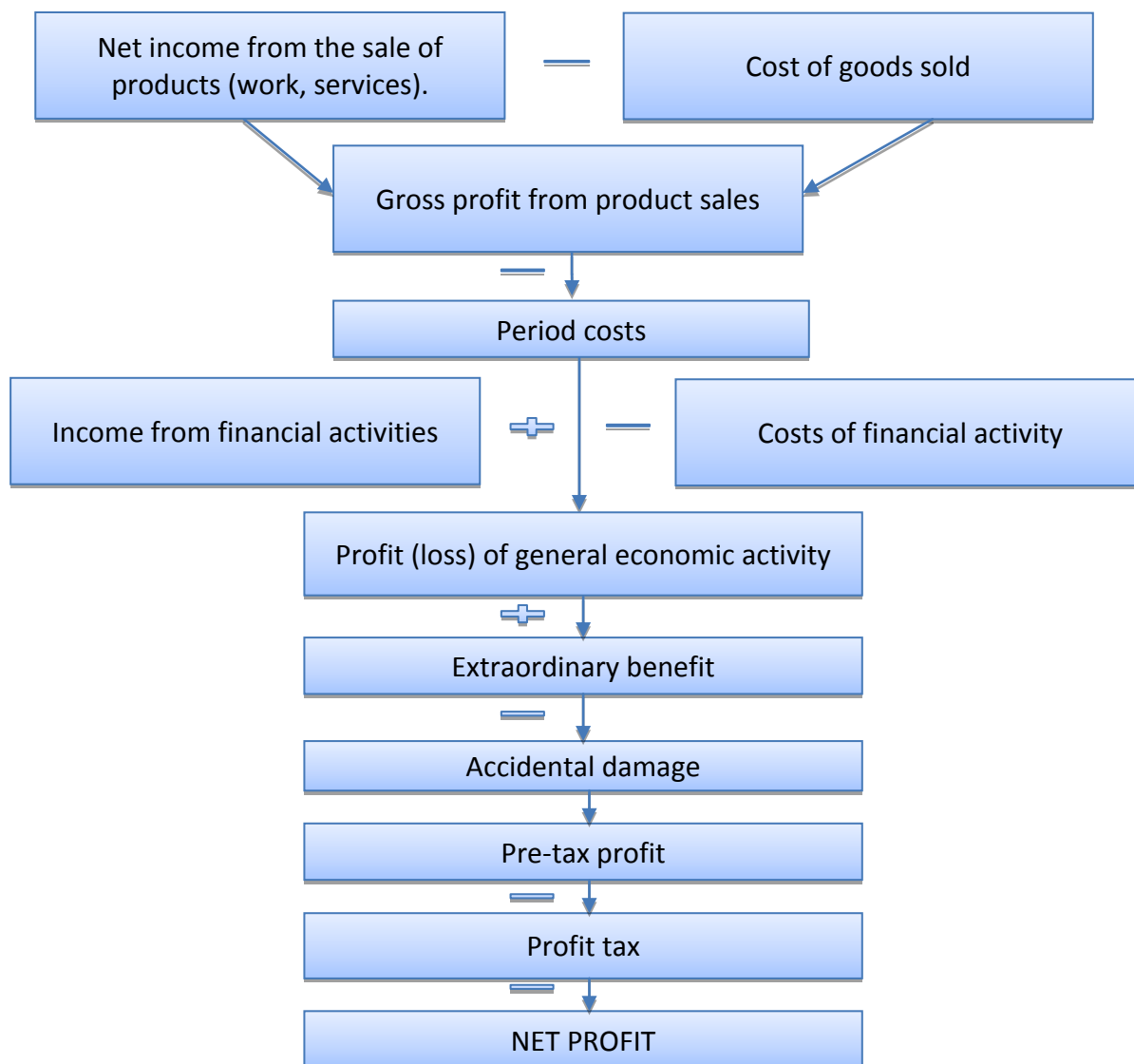


Figure 2. Factors affecting profit tax in business entities and its determination model

Many factors affect the amount of corporate income tax. Factors affecting the amount of profit tax are presented in the figure below (Figure 2).

As can be seen from Figure 2, the following factors affect the profit tax: net income from the sale of products, cost of goods sold, income, expenses, income and expenses of financial activities, extraordinary profits and losses, profit tax. rate during the reporting period and other factors.

We believe that it is appropriate to calculate the impact of the above factors on profit tax by dividing them into two groups. The factors of the first group have a positive effect on

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the amount of profit tax, while the factors of the second group have a negative effect on it.

For example, an increase in the net income from the sale of a product compared to the previous year will lead to an increase in the amount of profit tax, provided that other factors remain unchanged. The indicator of the cost of the sold product leads to a reduction of the amount of profit tax under the above condition.

We believe that it is necessary for a business entity to conduct a factor analysis of tax analysis for each type of tax payment.

In this case, it is appropriate to widely use the methods of balanced connection, absolute and relative differentiation, and chain connection calculated from the traditional methods of economic analysis. Because these methods are easy to use and do not cause complications for practitioners.

The biggest factor that affects the amount of profit tax is the taxable profit. Taxable profit is determined by adding non-deductible expenses (CHX) to total income (JD) and subtracting non-taxable income (CTD) and benefits (I).

$$CTF = JD + CHX - CTD - I \quad (1)$$

As can be seen from this formula, there is a balanced relationship where total income and deductible expenses correctly affect taxable profit, while non-taxable income (dividends, royalties and interest), profit during the accounting period Tax-deductible expenses and statutory benefits have an adverse effect on the result. If we deeply analyze each of these factors according to their separate components, then we will be able to make analytical conclusions using the method of balanced connection.

is determined by multiplying the tax rate (CC) by the taxable profit (CTF).

$$FCC = CTF * CC \quad (2)$$

It can be seen that here the connection between the result indicator and the factors affecting it is based on the multiplicative model, and we can use the method of chain connection or differentiation to calculate the influence of factors. In addition, it is possible to determine the influence of factors on the result, that is, the amount of profit tax, using the index method, integral, logarithm methods.

Determining the influence of factors on the change in the amount of profit tax by the integral method, which is one of the economic-mathematical methods, is as follows:

$$\Delta FCC_{CTF} = \Delta CTF * CC_0 + 1/2 * \Delta CTF * \Delta CC \quad (3)$$

$$\Delta FCC_{CC} = \Delta CC * CTF_0 + 1/2 * \Delta CC * \Delta CTF \quad (4)$$

Here is a procedure for determining the effect of taxable profit on a change in the ΔFCC_{CTF} profit tax amount.

ΔFCC_{CC} describes the procedure for determining the effect of the tax rate on the change in the amount of profit tax.

Analysis and results.

The following factors affect the base and amount of the profit tax: net income from the sale of products, cost of goods sold, other income of the main activity, period expenses, income and expenses of financial activities, extraordinary profits and losses, depreciation policy, profit tax rate in the reporting period. We consider it appropriate to divide the above factors into two groups and calculate their impact on profit tax. The factors of the first group have a positive effect on the amount of profit tax, while the factors of the second group have a negative effect on it. For example, an increase in the net income from the sale of a product compared to the previous year will lead to an increase in the amount of profit tax, provided that other factors remain unchanged. The cost of goods sold indicator reduces the amount of

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profit tax with the above condition.

We will consider the formation of the amount of profit tax of " FAZO-LUXE " LLC and its changes (Table 5).

Table 1

Profit tax analysis of " FAZO-LUXE " LLC

(thousand soums)

t/r	Indicators	2019 year	2020 year	2021 year	Changes in 2021 compared to 2019		Changes in 2021 compared to 2020	
					In sum (+/-)	In percent (+/-)	In sum (+/-)	In percent (+/-)
1	Tax base	57508091.6	89229872.8	84583953.5	27075861.9	47.08	-4645919.3	-5, 21
2	Reduction of taxable profit (funds directed to ecology and investment)	18402589.3	28553559.3	27066865.1	8664275.8	47.08	-1486694.2	-5, 21
3	Taxable profit	39105502,3	60676313.5	57517088,4	18411586,1	47.08	-3159225.1	-5, 21
4	Profit tax rate	7.5	7.5	14	6.5	86,67	6.5	86 , 67
5	Amount of profit tax	2932912.7	4550723.5	8052392,4	5119479.7	174.6	3501668.9	76.9


From the data of Table 1, it can be concluded that in 2021, the amount of the company's profit tax increased by 174.6% compared to 2019, i.e. by 5119479.7 thousand soums. This change was mainly influenced by the increase in the taxable base of the enterprise and the profit tax rate. Compared to 2020, the amount of the company's profit tax increased by 76.9% and amounted to 8052392.4 thousand soums. The change in the amount of profit tax in 2021 compared to 2020 was influenced by the reduction of the taxable base, while the increase in the tax rate from 7.5% to 14% caused an increase in the amount of profit tax.

" FAZO-LUXE " LLC, which are considered to reduce the taxable profit base (funds directed to ecology and investment), increased by 47.8 percent compared to 2019, i.e. by 18411586.1 thousand soums, and profit tax If it had an effect on the decrease of the amount, compared to 2020, the decrease of 5.21 percent, that is, by 3159225.1 thousand soums, led to an increase in the amount of profit tax.

In the case of economic entities, the excess of expenses is added back to the taxable base under the current tax legislation and leads to a decrease in profit.

" FAZO-LUXE " limited liability company through the following tables (tables 2-3).

²Developed by M author.

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Table 2

Analysis of factors influencing the change of profit tax of 3rd FAZO-LUXE " LLC

t / r	Indicators	2020 year	2021 year	Change	
				in sum (+/-)	percent (+/-)
1	Amount of taxable profit (base) (thousand soums)	60676313.5	57517088,4	-3159225.1	-5.21
2	Profit tax rate (percentage)	7.5	14.0	6.5	86,67
3	Amount of profit tax (thousand soums)	4550723.5	8052392, 4	3501668.9	76.95
4	Effect on the change in profit tax, (thousand soums)			3501668.9	
5	Effect of change in the amount of taxable profit (base), (thousand soums)			-236941.9	
6	Effect of tax rate change, (thousand soums)			3738610.7	

The calculation of the factors affecting the change of the amount of profit tax in the chain connection method is as follows:

Table 3

Factors affecting the change in the amount of profit tax calculation by chain link method⁴

t/r	Exchanges	Influencing factors		Amount of profit tax, thousand soums	Change in the amount of profit tax	
		Amount of taxable profit, thousand soums (STF)	Profit tax rate (SS)		Under the influence of individual factors	Account of changes, thousand soums
1	-	60676313.5	7.5	4550723.5	x	x
2	1	5751708 8.4	7.5	4313781.6	STF	-236941.9
3	-	57517088,4	14.0	8052392,4	SS	3738610.7

As can be seen from the table, the amount of profit tax in 2021 compared to 2020 increased by 3501668.9 thousand soums. This change was influenced by two factors, namely, the amount of taxable profit and the change in tax rates. Therefore, the reduction of the taxable base amount by 3159225.1 thousand soums reduced the amount of profit tax by 236941.9 thousand soums. The increase of the tax rate by 6.5% has led to an increase in the amount of profit tax by 3738610.7 thousand soums. Under the influence of two factors, the amount of profit tax increased by $(3738610.7-236941.9)=3501668.9$ thousand soums compared to last year.

³Developed by the author.

⁴Developed by the author.

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CONCLUSION

The method of analysis of the tax amount and the factors affecting its change in business entities considered as payers of profit tax was proposed. In this case, functionally dependent factors that directly affect the amount of profit tax received as a result indicator were expressed using additive and multiplicative models, and the ways of applying traditional and mathematical methods of economic analysis in calculating their impact values. was shown.

economic entities using the methods of analysis is used for management bodies to make effective management decisions on the optimization of tax expenses, as well as tax payments we believe that it will serve as an important scientific-methodical support in ensuring timely implementation.

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