



## IMPROVING THEORETICAL ESSENTIALS OF TAX ANALYSIS

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**Abstract.** The article highlights the results of the research on tax analysis and its theoretical aspects, which are important elements of modern financial management. The article argues that tax analysis is one of the modern areas of economic analysis. Organizational and methodological aspects of tax analysis are covered in detail. In particular, the article deals with the main directions of the organizational and methodological foundations of the analysis of tax payments, its information support and the stages of the analysis. Information sources used in tax analysis are divided into three groups according to their content. It is proposed to use six steps based on a logical sequence when conducting a tax analysis.

According to research results, main directions of tax analysis includes tax payments analysis, tax debt analysis and tax burden analysis. Each direction covers dynamic, structure and factor analysis. In our opinion, the execution of analytical procedures on the basis of proposed directions gives accurate results. In addition, the issues studied in each direction, we believe that the adoption of management decisions will have a high impact in minimizing tax costs, ensuring timely repayment of tax liabilities and reduction of tax burden. It is proposed the systematization of information support and conducting stages of tax analysis in order to organize the analytical procedures efficiently. The stages of the analysis and their detailed description are disclosed in the article.

**Keywords.** method, tax payment, tax

analysis, tax management, accounting for tax payments, tax burden.

**Introduction.** Today, a number of scientific studies on tax analysis and tax management are being conducted in international practice. Although the results of scientific research suggest that tax analysis is an important part of financial management, the analysis of tax payments in business entities as a separate object of research has not been fully studied. Rapid economic changes and the strengthening of the competitive environment, large-scale reforms aimed at eliminating the shadow economy, the need to optimize and regularly analyze the legal basis of tax payments in business entities. In addition, insufficient attention is paid to the scientific improvement of the methodology of tax analysis in business entities, which increases the need for research in this area.

Decree of the President of the Republic of Uzbekistan dated September 26, 2019 No. DP-5837 "On measures to further improve the tax policy of the Republic of Uzbekistan" and February 13, 2018 No. DP-5214 "On organizational measures to radically improve the tax legislation" and further improvement of the methodology of tax analysis in line with modern requirements in ensuring the implementation of the tasks set out in the Resolution No. DP-4389 of July 10, 2019 "On Additional Measures to Improve Tax Administration."

**Materials and Methods.** In the theoretical study of the organizational and methodological basis of the analysis of tax



payments, we need to turn to the theory of economic analysis. Economic analysis is divided into several types, and tax analysis is one of its most important components. In other words, economic analysis theory is the basis for all other types of analysis (financial analysis, management analysis, tax analysis, etc.). There are a number of differences of opinion among economists about the types of economic analysis. Here are some of the views of economists on the types or components of economic analysis.

In particular, according to O.N. Volkova, economic analysis consists of financial and management analysis.[1] This view does not cite a theory of economic analysis that reflects the general principles, methods, and principles of economic analysis.

According to Professor M. Pardaev, economic analysis consists of three components: economic analysis theorist, financial analysis, management analysis. [2] Indeed, in most sources of economic analysis, its components are listed in the same order. Most scholars in this group divide economic analysis into financial and management analysis based on the following:

- accounting, which provides information for economic analysis, is divided into types such as financial and management accounting;

- on the basis of financial statements the financial condition of the enterprise is assessed on the basis of operational accounting data and on the basis of management and operational activity.

However, in many countries, in accordance with the requirements of national legislation, the official reports submitted by business entities are divided into three types, namely, financial, tax and statistical reports. In addition, in modern accounting, tax accounting is carried out separately. Another

important aspect is that while issues related to tax costs and their optimization are studied in management analysis, cases such as tax liabilities, tax assets and timely payments remain part of the subject of financial analysis.

Based on the above, given that tax reporting is a separate source of information for analysis, we consider it appropriate that modern economic analysis should consist of the following components: economic analysis theorist, financial analysis, management analysis, *tax analysis*.

In improving the organizational and methodological basis of the analysis of colic, its method or what methods to use in the analysis is also important. First of all, let's talk about the content of the concept of "method" and its description in terms of its application in tax analysis.

The National Encyclopedia of Uzbekistan defines the term "method" as follows: "Method (greek. *metodos* - a way of knowing or research, theoretical acquisition, mastery, study, guidance for learning, a set of tips for the creation and acceleration of philosophical knowledge." [3]

N.F. Ishankulov, M.K. Pardaev and others expressed the following views on the method: "Method is an approach to the study of theory, teaching and practice, derived from the Greek word" *methodos* ". In the broadest sense, a method is understood as the interconnected general principles and principles of the study of processes, objects and realities in nature and society, as well as the vocabularies, methods and ways of knowing the truth. "[4]

As for tax analysis, it studies its objects in accordance with special methods in addition to general scientific methods.

Based on the above, from the point of view of tax analysis, *a method is a set of methods and principles of knowing the object of tax analysis*.

Structural grouping is the study of certain legalities and signs from within groups formed by generalized signs. For example: grouping tax payments by types of tax or directly, indirectly, property and resource taxes.

Factor grouping is the process of grouping according to the factors influencing the causes and consequences of changes in the studied phenomenon and laws. The analysis of tax types examines the impact of the tax base, tax rates, tax breaks and other factors. In economic analysis, many indicators are studied in a functional way. The change in one study is closely related to the other.

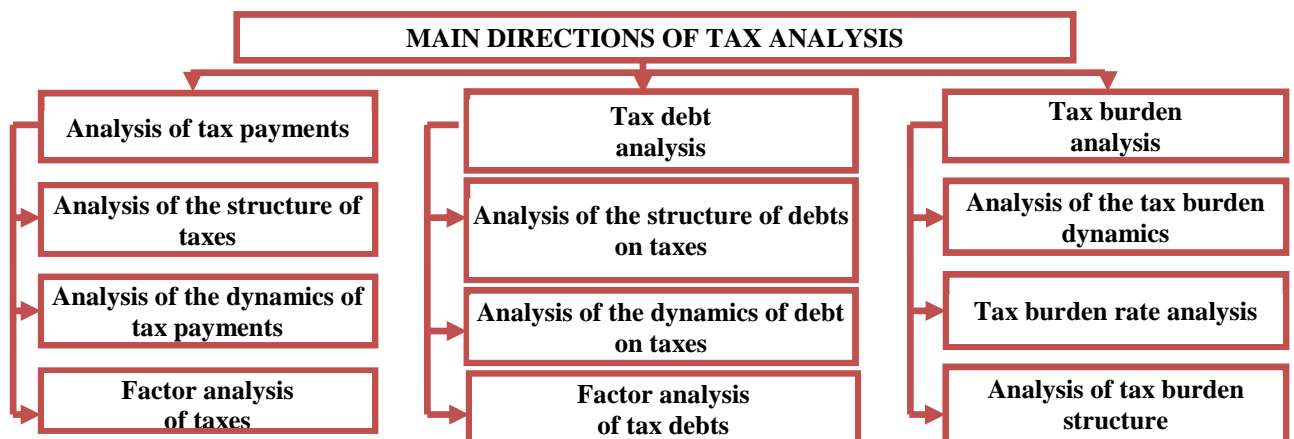
In the analysis of tax payments, we consider it necessary to conduct a factor analysis for each type of tax payment. Here it is expedient to make extensive use of the methods of balanced linkage, differentiation and chain link, which are calculated from the traditional methods of economic analysis.

According to foreign experience, "Priority research on the tax strategy of firms shows that the benefits of an effective tax rate are measured by two indicators, namely the income tax expense based on the company's financial performance report. and the portion of income tax that is disclosed in the financial statements "[5]. It is clear that tax costs are one of the factors that directly and significantly affect the financial performance of the company. Therefore, there is a need for

in-depth study of this indicator on the basis of factor analysis and the development of scientific recommendations for the optimization of corporate taxes.

It is necessary to develop proposals for improving the methodology of tax analysis. So what is the concept of methodology? Based on the question, we refer to the views of economists on the concept of "methodology". In particular, L.V. Usatova admits: "Methodology is a set of methods, techniques, technical means used by the researcher." [6] We believe that "Methodology is a set of methods and rules used in the conduct of scientific research."

**Analysis and Results.** When we consider the analysis of the taxes as a separate component of economic analysis, we need to pay special attention to what aspects in its implementation, to thoroughly study its organizational and methodological basis. First of all, we consider it necessary to identify a number of areas for analysis, based on the objects studied in tax analysis, their characteristics and the subject of tax analysis. Until this day scientific work on improving tax analysis has focused on the methods used in tax analysis, but the idea of dividing the analysis into separate areas has not been put forward yet. Therefore, in order to improve the methodology of tax analysis, we propose to organize and implement it in the following areas. (Figure 1).



**Figure 1. Main directions of tax analysis**

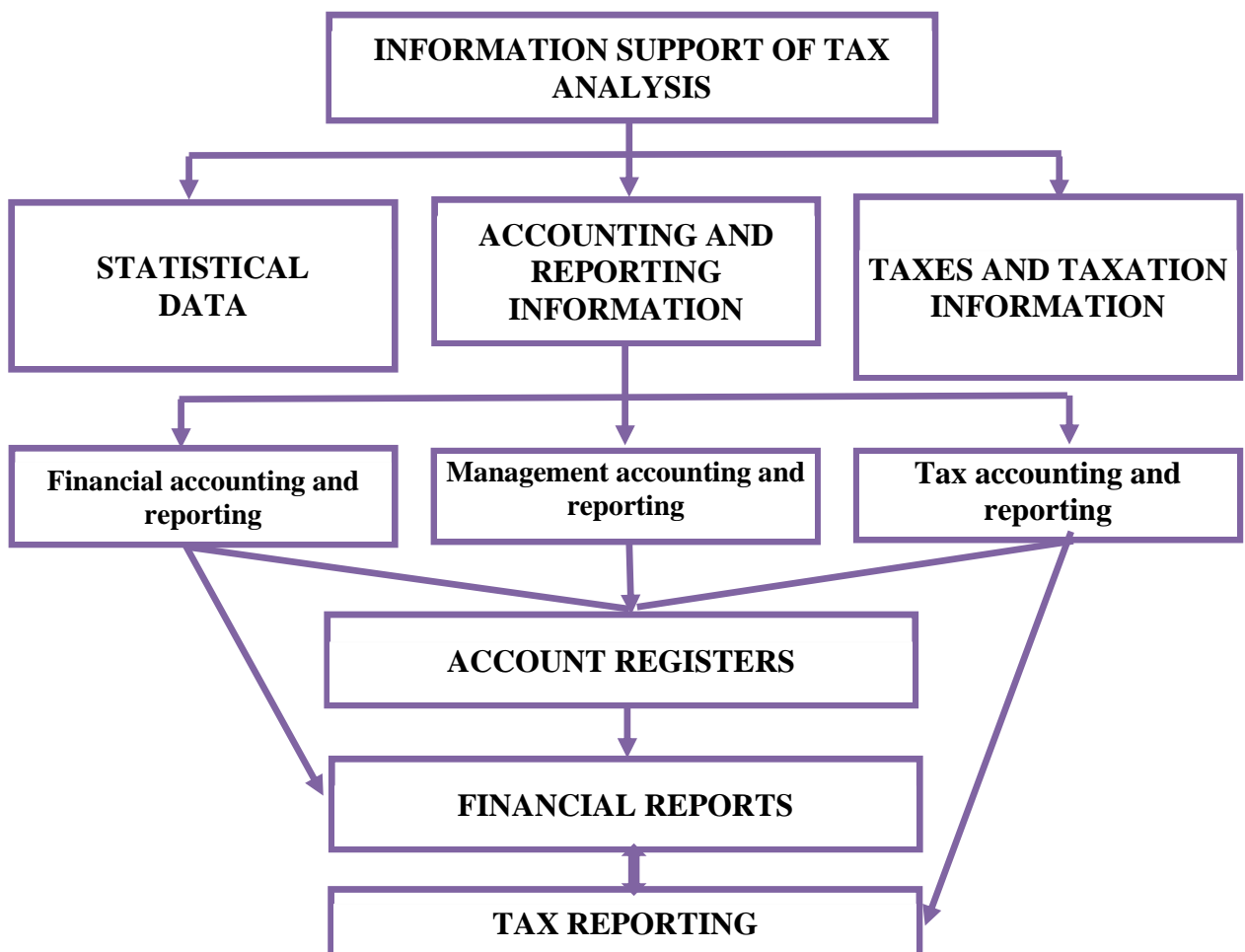
The execution of analytical procedures on the basis of proposed directions gives accurate results.

In particular, we must recognize the analysis of tax payments, analysis of the composition of taxes, factor analysis of taxes, and debt analysis of taxes. Summarizing the issues studied in each direction, we believe that the adoption of management decisions will have a high impact in minimizing tax

costs, ensuring timely repayment of tax liabilities.

The accuracy of economic analysis, including the results of tax analysis, depends on the sources of information used in them and their reliability.

The sources of information needed in tax analysis, their formation and interrelationships are as follows (Figure 2).



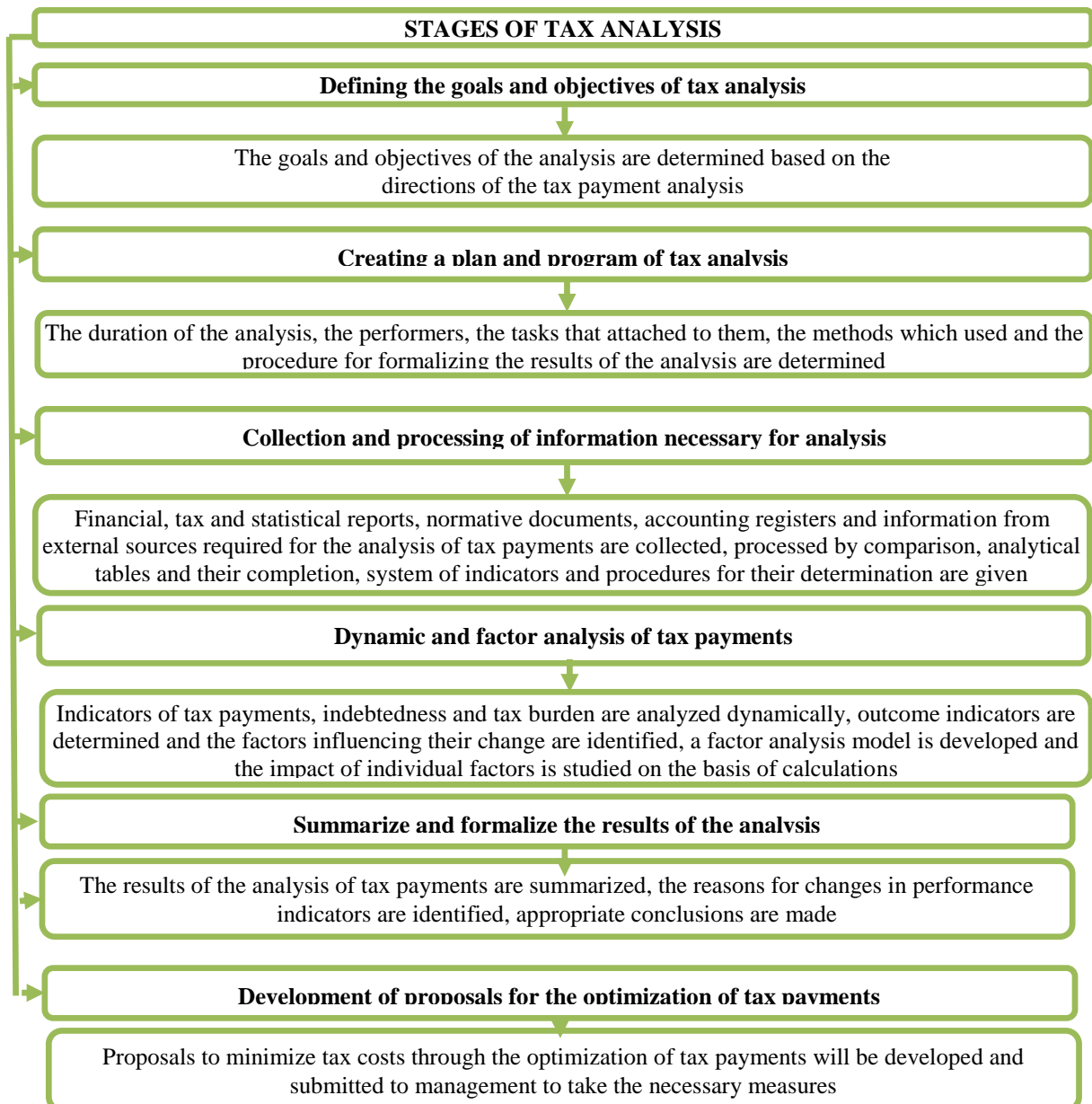
**Figure 2. Accounting information support of tax analysis**

Taking into account the fact that the information for economic analysis is formed in the accounting, we have cited its account-information supply, summarizing the sources of information used in tax analysis. In addition to the sources of information provided in the figure, when analyzing tax payments in business entities, it is necessary

to make extensive use of external sources, including information on tax rates, tax benefits provided in the regulations. Moreover, information obtained from third parties, including evidence of mutual settlements with other enterprises, expert conclusions and reference to prices, can also serve as a source of information in the tax

analysis. Above were the main directions of tax analysis and the provision of accounting information. Now, we want to dwell on the steps in the process of conducting an analysis of tax payments, which is one of the main areas of tax analysis, and the activities that need to be carried out in each of them. In our opinion, tax analysis payments allows to determine the results of activities on tax payments in the enterprise, its impact on the overall profitability and opportunities in this area. First of all, in the theory of economic analysis, the general sequence of organization and conduct of analytical work in economic entities is mentioned, in which the analysis work is

focused on conducting the analysis taking practical measures for preparation, setting goals and tasks, forming the necessary information sources, processing them and applying methods. Based on the above, we believe that when the analysis of tax payments in economic entities is carried out in a certain sequence, the effectiveness of the analysis and the formation of useful information for management can be achieved. Therefore, we consider it expedient to carry out the analysis of the tax taking into account the above-mentioned directions, the general stages of the organization of economic analysis, and recommend it in the following sequence (Figure 3).





### Figure 3. Stages and structure of the implementation of tax analysis

When conducting an analysis of tax payments based on the sequence shown in Figure 3, it is advisable to pay full attention to the work to be carried out at each stage. In particular, the correct choice of methods and factors for calculating the impact of factors is important when conducting a dynamic and factor analysis of tax payments. In addition, in our opinion, an in-depth analysis of the tax base is very important to ensure the effectiveness of the analysis of tax payments. No matter how highly effective any analysis is, if its conclusions are not presented to management in a timely and understandable manner, its outcome will not produce the expected positive effect. While economic analysis is seen as an important support of enterprise management, in the process of summarizing and formalizing the results of the analysis, first of all, management requirements, ie as short as possible based on the goal, but very important for management decisions should be revealed.

Each of the proposed stages of analysis requires specific approaches. In particular, at the stage of developing proposals for the optimization of tax payments, it is necessary to approach each type of tax and the cross-section of the base. In general, we believe that the analysis of tax payments in economic entities should be carried out in a consistent manner, following a scientifically based sequence.

**Discussion.** The scientific conclusions made by studying the theoretical and organizational-methodological bases of tax analysis have the following advantages:

1. Tax analysis allows tax planning in business management, optimization of related costs and assessment of the impact of tax liabilities on the financial condition to ensure effective pricing policy and enterprise competitiveness.

2. The study of tax analysis as a separate area of economic analysis will contribute to its further formation as a science.

3. In the world experience, the issues of tax accounting and analysis are studied in harmony, which shows that the research is in line with the goals of the international scientific community.

4. The ideas put forward in the main areas of tax analysis are not fully disclosed in most of the work studied in this area and are in turn a new approach.

**Conclusion.** Given the findings of the study and the direct impact of taxation on the efficiency of enterprises activities today, we propose to examine the *tax analysis* as a separate component of modern economic analysis.

In the context of the extensive reforms carried out in the tax system, we recommend that the tax analysis be carried out in such key areas as *tax payment analysis, tax debt analysis and tax burden analysis*. Through the implementation of the analysis in each of the proposed directions, an important management decision on the effective organization of tax analysis, optimization of tax costs on its basis will be achieved.

In order to further increase the effectiveness of the analysis of tax payments, we propose to conduct it on the basis of a clear sequence and take into account the general stages of economic and financial analysis in this. We consider that it is worthwhile to apply each stage and the activities that need to be carried out in it, in the order listed in Figure 3.

In the summary, it should be noted that the implementation of the proposed proposals and recommendations in practice allows to improve the methodology for the



analysis and optimization of tax payments in business entities and achieve an increase in the efficiency of the activities of enterprises. We believe that this plays an important role in the consistent

implementation of large-scale reforms carried out to modernize the tax system and in the further development of our national economy.

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