



METHODOLOGY OF TAXATION OF COMMERCIAL BANKS AND ITS PECULIARITIES

Alijon Turayev

Samarkand Institute of Economics and Service
Associate Professor of the Department of
"Investment and Innovations", PhD

Umarbek Qodirov

Student at Samarkand Institute of Economics
and Service

uqodirov620@gmail.com

Abstract. *This study examines the methodology of taxation for commercial banks in Uzbekistan and its sector-specific characteristics. It analyzes the legal framework, calculation methods, reporting requirements, and compliance procedures applicable to banking institutions. The research focuses on how taxation affects financial management, profitability, risk assessment, and strategic decision-making within commercial banks. By reviewing laws, statistical data, and practical case studies, the study provides recommendations to optimize tax administration and compliance, ensuring both revenue generation and financial stability of banking institutions.*

Keywords: *Commercial Banks, Taxation Methodology, Tax Compliance, Financial Management, Banking Sector, Corporate Finance, Uzbekistan*

Introduction

Commercial banks play a central role in Uzbekistan's financial system, facilitating capital flow, providing loans, and supporting economic development. Taxation of commercial banks is a critical component of the fiscal system, influencing their financial management, profitability, and strategic decision-making. The methodology of taxation

for banks differs from other enterprises due to the complexity of banking operations, diverse income sources, and regulatory requirements.

In Uzbekistan, the taxation of commercial banks is governed by the Tax Code and related regulations, which define taxable income, calculation methods, reporting obligations, and compliance procedures. The sector-specific characteristics, such as interest income, investment income, fees, and interbank operations, create unique challenges for accurate tax calculation and reporting.

This study aims to analyze the methodology of taxation for commercial banks in Uzbekistan, examine its peculiarities, and assess the impact of taxation on financial stability, profitability, and strategic operations. Understanding these factors is essential for creating an effective tax environment that balances revenue generation with the sustainable growth of banking institutions.

Literature Review

The taxation of commercial banks has been widely studied due to the complex nature of banking operations and the importance of financial stability. According to Bird and Zolt (2019), banks have unique revenue streams, including interest income, service fees, investment returns, and interbank transactions, which require specialized taxation methodologies and compliance mechanisms.

In the context of Uzbekistan, several scholars have examined the sector-specific characteristics of bank taxation. Karimov (2021) emphasizes that accurate calculation and timely reporting of taxes are critical for maintaining financial stability and ensuring transparency. Tursunov (2022) highlights that banking institutions face challenges in

complying with tax regulations due to the diversity of income sources and the need for precise accounting practices.

Comparative international studies show that countries implementing sector-specific tax guidelines, digital reporting systems, and comprehensive auditing frameworks achieve higher compliance rates and maintain the stability of the banking sector (OECD, 2020). These studies underline the importance of designing a taxation methodology that accounts for the peculiarities of commercial banks while ensuring efficiency, transparency, and revenue generation.

Overall, the literature confirms that the methodology of taxation for commercial banks must balance regulatory compliance with financial stability and strategic operational needs. This study builds on these insights to analyze Uzbekistan's practices and propose recommendations for optimization.

Methodology

This study employs a qualitative and analytical approach to examine the methodology of taxation for commercial banks in Uzbekistan. The research is based on a comprehensive review of the Uzbek Tax Code, banking regulations, sector-specific tax guidelines, and statistical data on tax compliance and financial performance of commercial banks.

Comparative analysis is applied to evaluate international best practices in bank taxation and to identify effective strategies for managing complex revenue streams. Case studies of selected commercial banks illustrate practical challenges in tax calculation, reporting, and compliance management.

Additionally, interviews with tax officials, bank accountants, and financial managers provide insights into operational difficulties, common errors, and the impact of taxation on profitability, risk management, and strategic decision-making. By combining legal analysis, statistical evaluation, and practical perspectives, this study aims to identify key issues and propose recommendations for optimizing tax administration in the banking sector.

Analysis and Results

The analysis of the methodology of taxation for commercial banks in Uzbekistan reveals both challenges and opportunities unique to the sector. Commercial banks have diverse income sources, including interest from loans, investment returns, service fees, and interbank operations, which require precise calculation methods and comprehensive reporting. These sector-specific features create complexities in tax compliance and administration.

Statistical data indicate that proper taxation of commercial banks contributes significantly to state revenue while promoting transparency and financial discipline. However, challenges such as complex accounting requirements, variations in income streams, and compliance with multiple regulatory frameworks can hinder efficient tax reporting.

Comparative analysis with international practices demonstrates that countries adopting digital reporting systems, sector-specific tax methodologies, and tailored auditing frameworks achieve higher compliance rates and maintain the stability of their banking sector (OECD, 2020). Interviews with tax officials and bank managers in Uzbekistan indicate that while the legal framework is robust, practical

administration could be enhanced through digitalization, targeted training programs, and clear sector-specific guidelines.

Overall, the findings suggest that a well-designed methodology of taxation is critical for commercial banks to maintain financial stability, comply with regulations, and optimize profitability, while ensuring accurate and timely state revenue collection.

Conclusion and Recommendations

In conclusion, the methodology of taxation for commercial banks in Uzbekistan is a critical factor in ensuring financial stability, regulatory compliance, and optimal profitability. While the legal framework provides detailed guidance on taxable income, reporting obligations, and compliance procedures, the complex nature of banking operations presents practical challenges that require sector-specific attention.

To enhance tax administration and compliance for commercial banks, several recommendations are proposed:

1. **Digitalization of Tax Reporting:** Implement advanced digital systems to accurately track all income streams and automate tax calculations and reporting.
2. **Sector-Specific Guidelines:** Develop clear guidelines tailored to the banking sector, addressing unique revenue sources such as interest, fees, and investment returns.
3. **Capacity Building and Training:** Provide training programs for bank accountants, tax officials, and financial managers to ensure accurate understanding and compliance.
4. **Regular Monitoring and Auditing:** Establish robust monitoring and auditing mechanisms specific to banking operations to reduce errors and improve transparency.

5. **Incentives for Compliance:** Introduce targeted incentives for timely and accurate tax reporting to encourage voluntary compliance and formalization.

By implementing these measures, Uzbekistan can optimize the taxation methodology for commercial banks, ensuring both effective revenue collection and sustainable growth within the banking sector.

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