

**TAX AUDIT AND ITS OBLIGATIONS****Turayev Alijon Akmal og'li**

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Abstract: *This article provides a comprehensive analysis of the theory and practice of tax audit in the conditions of Uzbekistan. The article discusses the concept of tax audit, its types (mandatory, initiative, internal, external and digital audit), methodological approaches (risk-based approach, data-based monitoring, cooperation of internal and external auditors), as well as the economic and legal significance of the audit. The article also analyzes practical problems in organizing tax audit in Uzbekistan, recent digitalization initiatives and proposed measures based on international experience. The results of the study include practical recommendations aimed at strengthening tax discipline, increasing budget revenues and improving the efficiency of tax administration.*

Keywords: *Tax audit; tax control; tax risk; risk-based approach; digital tax control; internal audit; external audit; mandatory audit; tax audit; financial discipline; tax legislation; Uzbekistan; audit qualifications; data-based monitoring; tax administration.*

ENTRANCE

Tax audit is a financial control tool that plays an important role in managing the modern economy and ensuring the stability of the state budget. As a result of the radical reform of the tax administration and

control system in the Republic of Uzbekistan in recent years, the institution of tax audit has been further improved, its legal framework has been strengthened and it has become widely used in practice. This article will comprehensively cover the concept, types, purpose, economic and social significance of tax audit, its role in the practice of Uzbekistan, regulatory and legal framework, risk-based approach, documentation and evidence, differences from internal audit, results and statistics, the most common shortcomings, digital transformation, international experience, auditor qualifications and ethics, practical examples, as well as recommendations for reforms and entrepreneurs.

The main purpose of the article is to scientifically analyze the theoretical and practical aspects of tax auditing in the context of Uzbekistan, identify existing problems and areas for improvement, as well as develop practical recommendations for entrepreneurs and specialists.

A tax audit is a special control measure carried out by tax authorities to verify the correctness of the taxpayer's calculation and payment of taxes and fees for a certain period, based on the study and comparison of accounting, financial, statistical, banking and other documents. The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 153 dated April 4, 2022 defines a tax audit as follows: "Tax audit is a verification of the correct calculation and payment of taxes by means of a study conducted by a tax authority of the compliance and accuracy of the financial and tax reports of a taxpayer (tax agent) for a certain period with tax legislation in all respects, the correct formation and reflection of tax obligations in accounting for tax purposes and accounting for tax purposes. Tax audit is also widely interpreted in

scientific literature. For example, Sheremet and Suyslar (2005) define a tax audit as “an audit of the correct and complete calculation and payment of taxes, compliance with tax policy”. The Commission on Auditing under the President of the Russian Federation defines a tax audit as “an audit of the accounting and tax "an independent examination by audit organizations of the authenticity and compliance of tax reports with the norms established by law, the accounting of taxes and other payments paid to the budget and allocations to extra-budgetary funds." Tax audit is regulated by the Tax Code of the Republic of Uzbekistan, the Regulation "On the Procedure for Organizing and Conducting Tax Audits", as well as Presidential Decrees and other regulatory legal acts.

Tax audits in the Republic of Uzbekistan are divided into three main types: in-house tax audit, mobile tax audit and tax audit. Each type has its own purpose, procedure and legal basis. In-house tax audit is an audit conducted by a tax authority based on the study and analysis of tax reports submitted by the taxpayer and other information available to the tax authority. This audit is carried out in the tax authority itself, without the participation of the taxpayer, and is based mainly on documentary analysis. In an in-house audit, the taxpayer's territory and premises are not inspected, documents are not requested, only tax reports and available information are analyzed. A request is sent to the taxpayer for discrepancies or errors identified as a result of the on-site inspection. If the taxpayer does not eliminate the identified errors or does not provide justification, a tax audit may be assigned. A mobile tax inspection is an inspection conducted by tax authorities to check the fulfillment of certain obligations of taxpayers, as well as other

obligations established by tax legislation, during which accounting documents, movements of goods and materials and funds, as well as other information related to the taxpayer's activities are analyzed. A mobile inspection is carried out on-site, that is, in the territory where the taxpayer operates, and includes more factual inspections. Mobile inspections are mainly carried out in the following cases: if there is a tax risk, based on applications from individuals or legal entities, as a result of monitoring currency transactions, upon receipt of information from the court or other state bodies, etc.

Tax audit is a special form of control carried out in relation to taxpayers belonging to high-risk categories, which comprehensively checks the correctness of the calculation and payment of taxes and fees ¹⁴. Unlike a cameral audit, a tax audit includes a comprehensive and in-depth analysis, on-site inspection, document request, inventory and examination. Special types of tax audit: 5-day tax audit: If the discrepancies identified as a result of the cameral audit are not eliminated, a 5-day tax audit is conducted in accordance with paragraph 5 of Article 140 of the Tax Code. Three-year tax audit: A three-year tax audit is conducted for business entities that have used tax avoidance schemes within the statute of limitations. This audit fully examines the activities of the enterprise over the past three years and explanatory work is carried out on conducting honest business in the future.

Main circumstances of conducting a tax audit

- Entities with high tax risk
- In cases where discrepancies are not resolved as a result of the in-camera inspection
- Legal entities undergoing voluntary liquidation

- Audit of financial and economic activities within the framework of criminal cases
- Individual entrepreneurs who have ceased their activities (with some exceptions)

The main purpose of tax audit is to ensure that taxpayers correctly calculate, timely and fully pay taxes and fees, monitor compliance with tax legislation, ensure the stability of budget revenues, and reduce the share of the hidden economy. The main tasks of tax audit: Verify the accuracy of tax and financial statements. Determine the correctness of tax obligations. Identify and document cases of violations of tax legislation. Analyze and assess tax risk factors. Expose and prevent tax evasion schemes. Conduct explanatory and preventive work for taxpayers. Increase budget revenues and ensure fiscal transparency. Through tax audits, state tax authorities can focus on high-risk areas, effectively use resources, strengthen tax discipline, and improve the business environment.

Tax audit plays an important role in ensuring economic and social stability, increasing state budget revenues, and improving the business environment. Economic significance : Increasing budget revenues: As a result of a tax audit, the hidden tax base is identified, tax evasion schemes are exposed, and additional revenues are provided to the budget. For example, as a result of a tax audit conducted in 3,305 entities in Uzbekistan in January-November 2025, 12.1 trillion soums were identified, and more than 21.2 trillion soums of hidden tax base were revealed. Fiscal transparency and discipline: Tax audit increases fiscal transparency, strengthens tax discipline, and ensures the effectiveness of state financial policy. Reducing the shadow economy:

Through a tax audit, the share of the shadow economy is reduced, activities in the "shadow" sector are identified and formalized. Improving the business environment: Promotes honest entrepreneurship, increases competitiveness, and ensures a fair distribution of the tax burden.

Social significance: Social justice and trust: Tax audits identify tax evaders, which strengthens the atmosphere of justice and trust in society. Financing of public services: As a result of increased budget revenues, more funds are allocated for social sectors - education, healthcare, infrastructure, etc. Protection of the rights of entrepreneurs and the population: Based on the results of tax audits, the rights and legitimate interests of taxpayers are protected, complaints and objections are considered.

The tax audit system in the Republic of Uzbekistan has undergone a radical reform in recent years. Digital technologies, a risk-based approach, and automated analysis systems have been widely introduced in the activities of tax authorities. Key stages in practice: Risk analysis and selection: Tax audits are assigned only to taxpayers belonging to a high-risk category. Risk analysis is carried out through an automated information system (the "Integrated Tax Risk Management" program). Sending a notification: Tax authorities send a notification to the taxpayer at least 30 calendar days before the start of a tax audit. An audit may be initiated without warning only if there are signs of tax evasion. Drawing up an audit program and issuing an order: An audit program is drawn up on the basis of an order from the head of the tax authority and an inspection begins. Requesting documents and on-site inspection: During a tax audit, documents, financial and accounting

reports, bank and statistical data, as well as information from third parties, if necessary, are requested. The territory and premises are inspected, an inventory and an examination are conducted. Drawing up a report and formalizing the results: As a result of the audit, a report is drawn up in triplicate, with the identified violations and evidence attached. One copy of the report is handed over to the taxpayer. Consideration of objections and complaints: The taxpayer has the right to file a written objection within 10 days from the date of receipt of the report. The decision can be appealed to a higher tax authority or court.

In January-November 2025, tax audits were conducted in 3,305 entities in Uzbekistan, which is 0.6% of the total number of taxpayers. The amount of identified tax risks amounted to 10.7 trillion soums, and the total amount identified in the audit amounted to 12.1 trillion soums. The largest number of shortcomings was identified in the trade and catering (64%), manufacturing (9.2%), construction (9.3%), services (7.1%) and agriculture (5.1%).

Table: 2025 tax audit results (January-November)

Indicators	Quantity	Share (%)
Number of audits conducted	3 305	0.6
Identified tax risk	10.7 trillion soums	
Amount determined in the audit	12.1 trillion soums	
Trade and catering	7.7 trillion soums	64
Production	1.1 trillion soums	9.2
Construction	1.1 trillion soums	9.3
Service	858.8 billion soums	7.1
Agriculture	610.9 billion soums	5.1
Transportation	316 billion soums	2.6
Other areas	326.6 billion soums	2.7

table 1

These figures clearly demonstrate the economic efficiency of tax audits and their role in providing additional revenues to the budget.

Uzbekistan In the Republic tax audit following main normative - legal documents with order is imported from : Uzbekistan Republic Tax code (new Edited from January 1 , 2020 to power entered) - tax audit , tax inspections , taxes of payers right and obligations , responsibility and other main norms determines . The Regulation “On the Procedure for Organizing and Conducting Tax Audits” (Decree of the Cabinet of Ministers No. 1 dated January 7, 2021) - regulates in detail the procedure for conducting tax audits and other audits, documentation, execution of acts and results, risk analysis and other processes. The Regulation “On Tax Risk Management, Identification of Taxpayers at Risk and Organization and Conduct of Tax Audits” - establishes a risk-based approach, taxpayer segmentation and audit appointment criteria. The Law “On Auditing Activities” and the Law “On Tax Consulting Activities” - regulate the legal status of auditors and tax consultants, qualification and ethical requirements, the procedure for issuing opinions and other issues. Decrees and resolutions of the President of the Republic of Uzbekistan - determine tax administration, digital transformation, reforms and other strategic directions.

A tax audit is carried out in the following stages: Risk analysis and selection: Tax authorities identify high-risk taxpayers through automated systems. Notification: A notification is sent to the taxpayer at least 30 calendar days before the start of the audit. An audit can be initiated without warning only if there are signs of tax evasion. Issuance of an order and drawing up a program: Based on the order of the head of the tax authority, an audit program is drawn up and the audit begins.

Requesting documents and on-site inspection: During the audit, documents, financial and accounting reports, bank and statistical data, information from third parties are requested. The territory and premises are inspected, an inventory and an examination are conducted. Drawing up a statement of evidence and formalizing the results: As a result of the audit, a statement of evidence is drawn up in triplicate, with the identified violations and evidence attached. One copy of the statement of evidence is handed over to the taxpayer. Consideration of objections and complaints: The taxpayer has the right to file a written objection within 10 days from the date of receipt of the statement. The decision can be appealed to a higher tax authority or court. A tax audit is usually conducted within 30 business days, but in cases of a large volume of documents, examination, natural disasters and other emergency situations, the period may be extended to 6 months.

Tax audits in the Republic of Uzbekistan are carried out on the basis of a risk-based approach. In this approach, taxpayers are divided into low, medium and high risk categories depending on the level of tax risk. Risk analysis criteria: Tax burden and its dynamics . Multiple amendments to tax reports. Losses in several tax periods. Changes in the location and registration of the taxpayer. Transactions with entities whose VAT certificates have been revoked. Profitability indicators. Discrepancies between tax reports and data from other state bodies. Information received from the media, courts and law enforcement agencies. As a result of the risk analysis, a tax audit is assigned to taxpayers belonging to the high risk category, while other control measures are applied to taxpayers belonging to the medium and low risk categories.

Based on the results of the tax audit, a report is drawn up in triplicate. The report shall reflect the following:

- Audit order and notification information
- Auditors and taxpayer information
- Audited period and type of taxes
- List of documents submitted during the inspection
- Identified violations and supporting evidence
- Tax reports, financial and accounting data, inventory results
- Taxpayer's objections and explanations

The certificate is signed by all auditors and a copy is given to the taxpayer. The taxpayer has the right to file a written objection within 10 days from the date of receipt of the certificate.

Internal audit is an independent activity aimed at assessing the internal control system of the organization itself, verifying the legality and efficiency of financial and economic operations. Tax audit is carried out by state tax authorities as an external control. Main differences: Internal audit: It is carried out within the organization itself, on the instructions of the management, in accordance with internal procedures and policies. The purpose is to prevent errors and fraud, increase efficiency, and strengthen the internal control system. Tax audit: At the initiative of state tax authorities, it checks compliance with tax legislation. The purpose is to control the correct calculation and payment of taxes and fees, identify violations, and ensure revenue to the budget. The results of internal audits can be an important source of information in the tax audit process. If the organization has a strong internal audit system, the results of the tax audit are also likely to be

positive. At the same time, the shortcomings identified as a result of the tax audit serve as a basis for improving the internal audit system.

The Tax Committee of the Republic of Uzbekistan annually publishes statistical data on the results of tax audits. In January-November 2025, tax audits were conducted on 3,305 entities, 12.1 trillion soums were identified, and more than 21.2 trillion soums of tax base were revealed as hidden.

The infographic shows that the largest number of shortcomings are being identified in the trade and catering, manufacturing, construction, and services sectors. In these sectors, underreporting of turnover, document falsification, and tax evasion schemes are widespread.

The following deficiencies and violations are most often identified as a result of a tax audit:

- Discrepancies in the nomenclature of purchased and sold goods
- Discrepancies in accounting documents with goods sold through the control cash register
- Failure to report free goods and services in income
- Failure to comply with the refinancing rate when borrowing and lending
- Hide the amount of goods sold
- Show items that are not available during inventory in the report
- Storage and sale of unclaimed goods
- Making false or fraudulent transactions, abuse of rights
- Artificially increasing spending, reducing the tax base
- Failure to submit tax returns on time.

For these shortcomings, taxpayers are subject to financial sanctions, fines and other measures. Violations identified as a result of a tax audit are formalized with acts and other documents.

If, as a result of a tax audit, a violation of tax legislation is of a criminal nature, the taxpayer may be held criminally liable. Based on the requirements of the Criminal Procedure Code and the Tax Code, the taxpayer's financial and economic activities are audited, evidence is collected and sent to law enforcement agencies. Criminal liability is applied in the following cases: Tax evasion schemes and fraudulent transactions. Concealment of large amounts of taxes . Submission of intentionally false reports. Causing significant damage to the budget as a result of illegal actions. As a result of a tax audit, a measure of liability is determined by the tax authorities on the basis of the act and other materials. The taxpayer has the right to appeal the decision to a higher authority or court.

In recent years, the tax control and audit system in Uzbekistan has entered a phase of digital transformation. Electronic reporting, automated analysis systems, database integration, and selective inspections based on risk analysis have been introduced. Advantages of digital technologies: Selective inspections: Only high-risk entities are inspected based on risk analysis, which facilitates the business environment. Electronic document management: Documents are sent electronically, the results are entered into the electronic system, the human factor is reduced. Automated analysis: Data is analyzed quickly and accurately, errors are identified and eliminated early. Convenience for entrepreneurs: The number of redundant inspections is reduced, direct intervention in activities is reduced. In January-February 2026,

in-house tax audits were conducted for 3.8 thousand taxpayers (only 0.7 percent of operating entities), but the volume of identified financial discrepancies amounted to 3.9 trillion soums. These figures show the effectiveness of digital technologies.

In world practice, the tax audit and control system is constantly improving. In the USA, Great Britain, Japan and other advanced countries, risk-based selective audits, digital platforms, international information exchange and taxpayer incentive systems have been widely introduced. International standards and approaches : Risk-based selective audits: Taxpayers are segmented according to their risk level and only high-risk entities are subject to in-depth audits. Digital platforms: Audit efficiency is increased through electronic reporting, automated analysis, and data exchange. International information exchange: Information exchange between countries has been established to identify tax evasion and offshore schemes. Taxpayer incentives: There are incentives, audit exemptions, and other incentive mechanisms for honest taxpayers. In Uzbekistan, risk-based selective audits, digital technologies, and automated analysis systems are also being introduced based on international experience. These reforms are helping to increase the efficiency of the tax system, reduce the shadow economy, and sustainably increase budget revenues.

The effectiveness of tax audits directly depends on the qualifications, professional ethics and independence of auditors. The following qualification and ethical requirements exist for auditing and tax auditing in the Republic of Uzbekistan:

Qualification requirements: Higher education: Auditors must have a higher education in accounting, finance, economics, law or

management. Qualification certificate: To conduct auditing activities, it is necessary to successfully pass a special qualification exam and obtain a certificate. Professional experience: Practical experience and participation in continuous professional development courses are mandatory. Compliance with international and national standards: Auditors must comply with the requirements of International Standards on Auditing (ISA) and the legislation of Uzbekistan.

Ethical requirements : Independence and impartiality: Auditors must be free from any pressure or conflict of interest and must draw independent and impartial conclusions. Integrity and professionalism: Auditors must strictly adhere to the values of honesty, integrity, honor and professional ethics. Confidentiality: Confidentiality of information and documents obtained during the audit process is ensured. Public interest: Auditors must take into account not only the interests of the client, but also the interests of society and the state.

In the Republic of Uzbekistan, the Law "On Auditing Activities", the Order of the Minister of Finance, and other regulatory documents clearly define the qualification and ethical requirements for auditors.

The following reforms are being implemented to improve the tax audit system in the Republic of Uzbekistan: Digital transformation: Electronic reporting, automated analysis systems, and selective audits based on risk analysis have been introduced. Adaptation to international standards: Tax audits and controls are being adapted to international standards, and international experience is being studied. Simplification of the business environment: The number of inspections has been reduced, and only high-risk entities are subject to in-depth audits. Preventive and explanatory work: Taxpayers have been given

the opportunity to voluntarily eliminate errors, and preventive and explanatory work has been strengthened. The role of tax consultants and audit organizations: The possibility of liquidation in a simplified manner has been created for entities undergoing voluntary liquidation based on the conclusions of tax consultants and audit organizations.

To reduce the risk of tax audits and financial sanctions, entrepreneurs should follow the following recommendations: Submit tax reports correctly and on time: Be careful when preparing reports, accurately and fairly reflect all indicators. Strengthen the internal control system: Check accounting and financial reports at several stages, identify errors in advance. Attract qualified specialists: Use the services of an experienced accountant, auditor or tax consultant. Constantly monitor changes in tax legislation: Be aware of new requirements and benefits. Use electronic reporting and automated programs: Automate calculations , reduce errors. Timely correction when errors are detected: If an error is detected, correct it as soon as possible and submit a corrected report to the tax authorities. Open communication with tax authorities: If questions arise regarding the application or audit, communicate openly and constructively with tax authorities. Use preventive audit and consulting services: Reduce risks by using the services of internal audit, independent expertise and tax consultants.

CONCLUSION

Tax audit is an important institution of state financial control in the Republic of Uzbekistan, which is of great importance in increasing budget revenues, ensuring fiscal transparency, reducing the shadow economy and improving the business environment. In recent years, the

tax audit system has been fundamentally reformed, digital technologies, a risk-based approach and international standards have been introduced. In practice, tax audits reveal large financial discrepancies, provide additional revenues to the budget and strengthen tax discipline.

In the tax audit process, documentation, acts and evidence, consideration of objections and complaints, qualification and ethical requirements of auditors, interaction with internal audit, international experience and reforms play an important role. For entrepreneurs, practical recommendations on reducing tax audit risks, preventing errors and complying with legislation are of vital importance.

In the future, it is possible to increase the efficiency of the tax system of Uzbekistan and ensure economic and social stability by further improving the tax audit system, deepening digital transformation, widely introducing international experience, and improving the skills of auditors. Therefore, the topic of tax audit and its necessity remains relevant not only from a scientific but also from a practical point of view.

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