

THE ROLE, ESSENCE, AND SIGNIFICANCE OF CORPORATE INCOME TAX IN
THE STATE BUDGET

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Abstract: This article comprehensively examines the essence of corporate income tax in economic activity, as well as its role and significance within the tax system. It also provides explanations of the taxpayers, taxable object, tax base, and tax rates of corporate income tax. The procedure for calculating corporate income tax is illustrated through simple examples, and the payment deadlines along with existing tax benefits are discussed. The study substantiates the important role of corporate income tax in forming the state budget and regulating the economy.

Keywords: corporate income tax payers, corporate income tax object, significance, tax base, composition of total income, tax rates.

Аннотация: В данной статье подробно раскрыта экономическая сущность налога на прибыль, а также его роль и значение в налоговой системе. Кроме того, представлены понятия субъекта и объекта налога на прибыль, налоговой базы и налоговых ставок. В статье порядок расчёта налога на прибыль объясняется на простых примерах, а также рассмотрены сроки его уплаты и существующие налоговые льготы. В результате исследования обоснована важная роль налога на прибыль в формировании государственного бюджета и регулировании экономики.

Ключевые слова: плательщики налога на прибыль, объект налога на прибыль, значение, налоговая база, структура совокупных доходов и ставки.

Introduction

In the conditions of a modern market economy, the tax system is considered one of the most important economic mechanisms of the state. In particular, corporate income tax occupies a significant place in the formation of the state budget and plays an essential role in regulating the activities of enterprises. Corporate income tax ranks second in terms of contributing to state budget revenues. Through this tax, the government influences economic processes, stimulates investments, and creates favorable conditions for the development of entrepreneurial activity. Overall, it serves as one of the key instruments in ensuring the sustainability of the state budget.

This tax is directly related to the financial results of legal entities and is calculated based on the difference between their revenues and expenses, which ultimately leads to its payment. Therefore, accurate calculation and effective management of this tax are among the crucial aspects of enterprise operations. The main objective of this article is to reveal the economic essence of corporate income tax, determine its role in the tax system, and analyze the procedure for its calculation.

The following entities are considered taxpayers of corporate income tax:

1. Legal entities that are tax residents of the Republic of Uzbekistan;
2. Legal entities that are non-residents of the Republic of Uzbekistan;
3. Legal entities that are responsible participants of a consolidated group of taxpayers;
4. Individual entrepreneurs whose income from the sale of goods or services during the tax period exceeds one billion soums, or those who voluntarily choose to pay corporate income tax. “Voluntarily” means that newly established or long-operating businesses, even if their turnover

has not reached one billion soums, have the right to switch from turnover tax to corporate income tax;

5. The authorized (trusted) person of a simple partnership operating under a partnership agreement.

Corporate income tax is one of the main sources of state budget revenue. This tax arises from the income-generating activities of legal entities and plays an important regulatory role in the economy. Each enterprise pays a certain percentage of tax from the profit it earns as a result of its activities. Regarding the taxable object of this tax, the profit obtained by the taxpayer is considered the object of taxation for corporate income tax. In other words, it is the profit that serves as the basis for taxation. Profit, in this context, can be defined as follows: for a legal entity, it is the difference between total income and expenses; for an individual entrepreneur, it is also the difference between total income and expenses; and for a non-resident, it refers to income derived from sources within the Republic of Uzbekistan. The tax base of corporate income tax is the foundation on which the tax is calculated, and it consists of the amount of taxable profit of an enterprise. In other words, the profit determined after accounting for all revenues and expenses is considered the tax base. During the process of determining the tax base, certain types of income and expenses may be recognized according to specific rules or may not be taken into account at all. Therefore, taxpayers are required to maintain separate records of income and expenses for certain transactions. Typically, the tax base is determined on a cumulative basis from the beginning of the tax period. If an enterprise incurs a loss during the reporting period, such loss can be carried forward and used to reduce the tax base in future periods. In addition, adjustments to the tax base may be made in certain cases. For example, if goods or services are sold at prices lower or higher than the market price and this affects the tax base, the calculation is carried out based on the market value. Moreover, income and expenses in kind (i.e., not in monetary form but in the form of goods or services) are generally accounted for based on their fair value.

Total income refers to the sum of all revenues earned by an enterprise during the reporting period, both within Uzbekistan and abroad. Regardless of the source, all income is included in total income. When determining total income, value-added tax and excise tax are usually excluded.

The composition of total income includes the following:

1. Revenue from the sale of goods and services;
2. Interest income from loans and borrowings;
3. Income from insurance activities;
4. Profits from operations involving securities;
5. Income from the sale of property;
6. Income from leasing and rental activities.

Income is determined based on relevant supporting documents, which may be in paper or electronic form. Total income can be received both in monetary form and in kind (goods or services). If income is received in foreign currency, it is converted into the national currency for accounting purposes. In some cases, accounting income and taxable income may differ; in such situations, the procedures established by the Tax Code are applied for tax calculation. Additionally, if the same income falls under multiple categories, it is included in total income only once.

Regarding the tax rates of corporate income tax, they are established as follows:

- Banks – 20%;
- Entities engaged in the production of polyethylene granules – 20%;
- Taxpayers operating in the social sector – 0%;
- Budgetary organizations receiving income from additional sources – 0%;
- Income in the form of dividends – 5%;

- In all other cases – 15%.

For this tax, the calendar year is considered the tax period, while each quarter of the year serves as the reporting period. Based on the results of the reporting period, tax reports must be submitted no later than the 20th day of the month following the reporting period. Based on the results of the tax period, the annual tax report must be submitted no later than March 1 of the year following the reporting year.

Research Methodology

In the process of preparing this article, a number of scientific and practical methods were applied. In particular, methods of analysis and synthesis were used to study the theoretical foundations of corporate income tax. By examining the relevant provisions of the Tax Code of the Republic of Uzbekistan, the essence of the tax base, total income, and tax rates was clarified. Additionally, comparative and example-based explanatory methods were employed to better illustrate the process of tax calculation. With the help of practical examples, the mechanism for calculating corporate income tax was presented in a simplified manner. Throughout the research, official documents, нормативно-правовые sources, and economic literature served as the primary sources of information.

Research Results

As a result of the research, the economic essence of corporate income tax and its role within the tax system were identified. In particular, it was substantiated that corporate income tax is one of the main types of taxes levied on the net profit of enterprises and plays a significant role in the formation of the state budget. It was also determined that the correct calculation of total income and deductible expenses is crucial in determining the tax base. The study highlighted that total income includes revenues obtained from various sources and emphasized the necessity of identifying them based on proper documentation. Through practical examples, the procedure for calculating corporate income tax was explained in a simple and understandable manner. In addition, it was found that the carryforward of losses to future periods is an important factor in reducing the tax burden.

Discussion

The obtained results indicate that corporate income tax is not only a key source of state budget revenue but also an important instrument for regulating the economy. At the same time, complexities in determining the tax base and the existence of specific rules may create practical difficulties. In particular, issues such as proper classification of income and expenses, accurate documentation, and calculation in accordance with market prices are of great importance for taxpayers. Therefore, there is a need to further simplify and make the tax system more transparent and understandable. Improving the corporate income tax system in the future can help support entrepreneurial activity, attract investment, and stimulate economic growth.

Based on the above analysis, it can be concluded that corporate income tax is one of the most important components of the modern tax system and serves as a major source of state budget revenue. This type of tax is directly related to the financial results of legal entities and is levied on net profit, which is determined as the difference between revenues and expenses. In this regard, corporate income tax has not only fiscal significance but also serves as an important tool for regulating economic processes. The study shows that the proper formation of the tax base is the most critical stage in calculating corporate income tax. The tax base is determined based on total income and deductible expenses and may be adjusted in certain cases in accordance with specific rules. Total income includes all revenues earned by an enterprise from various sources, including income from the sale of goods and services, interest income, rental income, and other earnings. At the same time, it is important that such income is supported by proper documentation. Furthermore, the mechanism of accounting for losses plays a significant role in the calculation of corporate income tax. Enterprises are allowed to carry forward losses to

future periods and deduct them from the tax base, which helps balance the tax burden. Additionally, aspects such as income in kind, foreign currency revenues, and adjustments based on market prices are also taken into account in tax calculations.

Conclusion

In conclusion, the corporate income tax system plays an important role in regulating enterprise activities, encouraging efficiency, and implementing the state's economic policy. Therefore, simplifying the tax calculation procedures, improving legislation, and creating favorable conditions for taxpayers will have a positive impact on economic development. The study has shown that the accurate determination of the tax base is essential for the proper calculation of corporate income tax. In this process, correct accounting of total income, deductible expenses, and necessary adjustments is of great importance. Additionally, mechanisms such as loss carryforward help reduce the tax burden and support the financial stability of enterprises. At the same time, corporate income tax contributes to stimulating investment, encouraging efficient business operations, and supporting overall economic growth. However, certain complexities in tax calculation and reporting indicate the need for further simplification and improvement of the tax system. Overall, enhancing the transparency, simplicity, and effectiveness of corporate income tax administration will not only facilitate compliance for taxpayers but also strengthen the role of this tax in ensuring sustainable economic development and stable state budget revenues.

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