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IMPROVING THE ACTIVITIES OF CUSTOMS AUTHORITIES IN THE FIELD OF CURRENCY CONTROL IN FOREIGN TRADE OPERATIONS

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Annotation: This article examines the activities of customs authorities in the field of currency control in foreign trade operations. Based on the results of the research, scientific proposals and practical recommendations are given.
Keywords: Currency control, foreign trade operations, export of goods, accounts receivable, information systems.

Currency Control in Customs Authorities

Currency control within customs authorities refers to the activities aimed at ensuring residents and non-residents comply with the requirements of legislation on currency regulation, as established by currency control bodies. These activities include controlling the cross-border movement of currency to prevent the legalization of proceeds from criminal activity and to curb illegal financial flows.

Currency control in customs authorities involves monitoring cross-border financial transactions, preventing the illegal outflow of capital, and ensuring compliance with currency regulations. With the growth of international trade, optimizing this process is crucial for effective customs operations. However, the increasing volume of global trade makes the implementation of currency control more complex.

Currency control means the activities carried out by authorized currency control bodies to ensure that residents and non-residents comply with the legislation on currency regulation. Currency regulation refers to the activities of currency regulation authorities in establishing rules for the circulation, ownership, use, and disposal of currency valuables.

One of the legal foundations for carrying out foreign trade operations is the Law of the Republic of Uzbekistan No. 573 “On Currency Regulation” dated October 22, 2019. The purpose of this law is to regulate relations in the field of currency operations and currency control.

Chapter 35 of the Customs Code of the Republic of Uzbekistan is titled "Monitoring of Foreign Trade Operations." This chapter includes:

- Article 243 – Implementation of monitoring of foreign trade operations;

- Article 244 – Cooperation between customs authorities and other authorized bodies during the monitoring of foreign trade operations;
- Article 245 – Measures taken when customs authorities detect signs of violations of currency legislation.

Activities of Customs Authorities in the Field of Currency Control

The activities of customs authorities in the field of currency control include the following:

- During the monitoring of the execution of contracts (agreements, deals), the information available in the Unified Electronic Information System for Foreign Trade Operations is compared with the customs cargo declaration;
- Compliance of the actual quantity, quality specifications, and assortment of goods with the information indicated in the Unified Electronic Information System for Foreign Trade Operations is monitored;
- The conformity of contracts with legislative requirements is verified, and the presence or absence of overdue receivables related to these contracts (agreements, deals) is determined (Customs Code, Article 243);
- Customs authorities cooperate with authorized bodies through the exchange of information, including via the Unified Electronic Information System for Foreign Trade Operations (Customs Code, Article 244).

Main Directions of Currency Control by Customs Authorities
Customs authorities engage in:

- Monitoring contracts via the Unified Electronic Information System;
- Verifying accuracy of data on quantity, quality, and type of goods;
- Ensuring contract compliance with legislation and identifying overdue receivables;
- Cooperating with other agencies through data exchange.

In case of violations, customs authorities notify the State Tax Committee regarding:

- Unjustified price differences;
- Goods received from unlisted suppliers;
- Other legislative breaches.

Upon confirmation, customs authorities may:

- Refuse customs clearance for overdue receivables;
- Impose additional duties;
- Submit documents to competent authorities.

Identification of Currency Legislation Violations and Actions Taken by Customs Authorities

When signs of violations of currency legislation are identified, customs authorities notify the State Tax Committee of the following facts:

- Unjustified overstatement (or understatement) of the invoice value of imported (or exported) goods in the customs declaration compared to the declared value of the goods in the exporting (or importing) country;
- Goods being received from suppliers who are not counterparties under the contracts;
- Other instances of violation of legislation during the execution of export-import operations.

If the submitted facts are confirmed by tax authorities, or if facts of violations in the field of currency control are submitted by other authorized bodies, customs authorities are entitled to:

- Refuse customs clearance of goods exported from the Republic of Uzbekistan under contracts until overdue receivables are settled;
- Calculate and collect additional customs payments;
- Transfer materials related to foreign currency proceeds to the competent authorities of the Republic of Uzbekistan;
- Take other actions within the scope of their powers as defined by the Law of the Republic of Uzbekistan "On the State Customs Service" (Customs Code, Article 245).

Monitoring and analysis of cases involving overstatement of the prices of imported goods have shown that such cases have been increasing year by year.

Monitored Import Contracts

From January to September 2024, a total of 52,622 import contracts worth 76 billion USD were concluded by 15,011 entrepreneurs (compared to 80,826 contracts worth 146 billion USD by 19,206 entrepreneurs during the same period in 2023). Based on these contracts, goods and services worth 7.3 billion USD (19.9 billion USD in 2023) were imported, and 5.5 billion USD (16 billion USD) in foreign currency funds were paid.

Identified Overstatement of Import Goods Value Compared to Exporting Country's Declared Value

From January to September 2024, the overstatement in the value of imported goods compared to the value recorded in the exporting countries amounted to 339 million USD, or 38% (compared to 276 million USD, or 37%, during the same period in 2023).

Uzbekistan's Foreign Trade Turnover in 2023

In 2023, Uzbekistan's foreign trade turnover increased by $12 billion or 23.8% compared to the previous year, reaching a total of $62.57 billion. Of this, exports rose by 23.8% to $24.4 billion, while imports increased by 24% to $30.1 billion.

Food Products:

- Cereals and cereal-based products: $1.12 billion (+5.3%)
- Sugar, sugar products, and honey: $558.2 million (−2.3%)
- Coffee, tea, cocoa, spices: $385.3 million (+23%)
- Vegetable oils and fats: $354.9 million (+16.4%)
- Meat and meat products: $348.4 million (+9.1%)
- Vegetables and fruits: $348.4 million (+23.5%)
- Dairy products and eggs: $211.5 million (+31.7%)

Energy and Raw Materials:

- Imports of oil and oil products rose to $1.61 billion (+27%)
- Coal, coke, and briquettes: $204.4 million (+67.8%)
- Gas imports increased 2.5 times to $694.9 million.
  - In September: $286 million
  - In October: $73.8 million
  - In November: $1 million
  - In December: $132.2 million

Automobiles and Spare Parts:

- Automobile imports rose to $4.34 billion (1.7 times higher)
- Import of spare parts reached $148.3 million (+68.8%)

In 2023, the decline in global commodity prices led to relatively unchanged export revenues. At the same time, strong domestic demand drove up imports, resulting in an expanded negative trade balance.

According to Clause 56 of the Roadmap approved by Annex 2 of the Presidential Decree No. PF-122 dated April 27, 2022, a task was set to digitize and further improve the monitoring of the validity of foreign trade operations through the creation of an "interdepartmental currency control" system.

Monitoring the legitimacy of foreign exchange operations carried out by legal entities and individuals is conducted based on the Regulation registered by the Ministry of Justice under No. 2467 on June 12, 2013.

Initially, the Unified Electronic Information System for Foreign Trade Operations (UEISFTO) program was implemented by Order No. 283 of the State Customs Committee dated October 6, 2003, in accordance with Resolution No. 416 of the Cabinet of Ministers of the Republic of Uzbekistan dated September 30, 2003.

This system was developed to ensure the exchange, storage, processing, and transmission of information on foreign trade contracts and their execution between the ministries involved in foreign trade monitoring (Ministry of Investments, Industry and Trade, Ministry of Economy and Finance, Accounts Chamber, Central Bank and authorized banks, Customs Committee, Tax Committee, and their regional departments).

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Functions of the Unified Electronic Information System for Foreign Trade Operations (UEISFTO):

- Enable the use of data by various controlling agencies through a single data entry process.
- Coordinate activities by integrating all supervisory ministries and agencies into a unified system.
- Ensure accurate data entry and correct completion of fields in foreign trade contracts.
- Provide real-time data storage capabilities.
- Allow system users to access available data sources and utilize relevant reporting formats based on their area of responsibility.
- Grant system users access to the database via web technologies while ensuring data protection and a secure security framework.

In order to further liberalize foreign trade activities, increase the volume and variety of exports of products with high external demand, enhance the competitiveness and financial stability of business entities, Presidential Decree No. PQ-3351 dated November 3, 2017, **"On Measures to Further Liberalize Foreign Trade Activities and Support Business Entities"** grants the right to export goods, works, and services in foreign currency without advance payment, open letters of credit, formalized bank guarantees, or export contract insurance policies (covering political and commercial risks) to business entities that have no overdue receivables—except for entities with more than 50% state ownership, and the joint-stock companies "Uztrade" and "Uzsanoatexport."

The list of goods excluded from this privilege is specified in the annex to the decree.

Product Name	**HS Code (TIF TN)**
Cotton linter	1404 20 000 0
Crude oil, gas condensate, petroleum products	00, 2710 (except 2710 12 410 0–2710 12 590 0, 19 290 0)
Natural gas	2711 21 000 0
Electric power	2716 00 000 0
Cotton fiber	5201 00, 5203 00 000 0
Cotton yarn	5205, 5206
Precious metals	7106, 7108, 7110, 7112
Ferrous metals, ferrous metal rolled products, and ferrous metal scraps and waste	7201 — 7213
Non-ferrous metals, non-ferrous metal rolled products, and non-ferrous metal scraps and waste	Group 74 (except 7403 11 000 0, 7403 12 000 0, 7403 13 000 0, 7403 19 000 0, 7411, 7412)

Starting from December 1, 2017, business entities have been granted the right to export goods (excluding special goods), works, and services **without concluding an export contract**, based on invoices, **provided that** at least **50% of the prepayment** is received into the exporters' bank accounts in the Republic of Uzbekistan, and **data is entered into the Unified Electronic Information System for Foreign Trade Operations (UEISFTO).**

According to Resolution No. 283 of the Cabinet of Ministers of the Republic of Uzbekistan dated **May 14, 2020**, "On measures to further improve the monitoring of foreign trade operations in the Republic of Uzbekistan", business entities (excluding those officially registered as self-employed in accordance with the established procedure) must **enter data on foreign trade contracts, acts, and invoices electronically**, using a digital signature, **via the Unified Portal of Interactive Public Services of the Republic of Uzbekistan**, into the Unified Electronic Information System for Foreign Trade Operations.

Procedure for Monitoring Foreign Trade Operations

The procedure for monitoring foreign trade operations is outlined in **Chapter 3** of the **Resolution No. 283** of the Cabinet of Ministers of the Republic of Uzbekistan, dated **May 14, 2020**, titled "Measures to Further Improve the Monitoring of Foreign Trade Operations in the Republic of Uzbekistan." According to the resolution, the procedure for monitoring foreign trade operations aims to ensure proper control over the performance of foreign trade contracts and invoices concluded by business entities, as well as the exchange of information through the Unified Electronic Information System for Foreign Trade Operations (UEISFTO) between business entities, foreign exchange control authorities, commodity exchanges, treasury departments, and commercial banks.

For entities that are subject to the Unified Treasury Account, **budget organizations** and **recipients of budget funds** enter relevant data regarding payments for foreign trade contracts into the UEISFTO via treasury departments.

A **calculation certificate** is only prepared for the export of goods listed in the annex of the **Decree No. PQ-3351 of November 3, 2017**, of the President of the Republic of Uzbekistan, "On Measures to Liberalize Foreign Trade Activities and Support Business Entities." If there are no discrepancies between the data entered by business entities into the UEISFTO and the contract data, commercial banks will carry out bank transactions for these contracts in accordance with the legal requirements.

For contracts involving the export of goods for which prepayment is guaranteed, the calculation certificates for the contracts and invoices must be entered into the UEISFTO **before the customs clearance** of the goods.

Changes and additions to the terms of foreign trade contracts, including those related to goods, are **prohibited** without mutual agreement. However, in cases of incorrectly filled contract data in the UEISFTO, these mistakes will be corrected, and the contract data will be re-entered into the system. Incorrectly filled data will be confirmed by commercial banks and customs authorities. The impact of the changes on payments under the contract will be assessed by commercial banks, and the effect on customs declarations will be reviewed by customs authorities. If the changes necessitate modifying previously processed customs declarations, those declarations must be reprocessed according to the established legal procedures.

Customs posts under the regional customs departments will compare the contract (including invoice) data entered into the UEISFTO by business entities with the **customs declaration data**

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under the "free circulation (import)" and "export" customs regimes, as well as the payment data entered by commercial banks into the UEISFTO. If no discrepancies are found, they will process the customs declaration in accordance with the legal requirements. Customs clearance for exports will be carried out without the calculation certificates for the goods except for those with payment guarantees.

When the goods subject to export are cleared under the **"export"** customs regime, their total invoice value should **not exceed** the value shown in the calculation certificate.

Additionally, **payments** for imports made using the importer's own foreign currency will be allowed under multiple import contracts between a business entity. Similarly, multiple export contracts between the same business entity can also involve such inter-account settlements.

Analysis of Financial Flows from Foreign Trade Operations

In 2023, the total export revenues (excluding special exports) of business entities decreased by 5% compared to 2022, amounting to **15.5 billion dollars**. Meanwhile, the payments made for the import of goods and services to foreign countries increased by 10% compared to 2022, reaching a total of **38 billion dollars**. In the reporting year, **78%** of the total currency received from exports was in **US dollars**, **14%** in **Russian rubles**, **5%** in **euros**, and the remaining **3%** in other currencies.

References:

1. Customs Code of the Republic of Uzbekistan, January 20, 2020.
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4. Presidential Decree No. PF-122, April 27, 2022.
5. Annual Report of the Central Bank of Uzbekistan, 2024.
6. Presidential Decree PQ-3351, November 3, 2017.