

ISSUES OF ACCOUNTING OF INCOME TAXATION SECURITIES OF BUSINESS  
ENTITIES

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**Annotation.** This article analyzes the development of the securities market in the Republic of Uzbekistan, focusing on its current structure, institutional framework, and regulatory reforms implemented in recent years. It examines the role of updated legislation in enhancing transparency, investor protection, and market efficiency within the national financial system. Special attention is given to the impact of the securities market on macroeconomic stability, investment attraction, and capital formation processes in Uzbekistan.

Furthermore, the article highlights the increasing importance of the securities market in supporting economic diversification, improving access to financial resources for enterprises, and strengthening the role of financial intermediaries. It also explores the relationship between market capitalization growth, investment activity, and the expansion of export-oriented sectors. In addition, the study assesses the integration of Uzbekistan’s securities market into global financial systems and its potential contribution to long-term sustainable economic development.

**Keywords:** capitalization rate; investment processes; financial market development; securities market; stock exchange; financial intermediaries; regulatory framework; investment attractiveness; portfolio investment; corporate governance; economic liberalization; export potential; financial integration; capital mobilization; market liquidity; financial instruments; economic modernization; privatization process; risk management; investor protection; sustainable economic growth.

**Introduction.** In recent years, the Government of the Republic of Uzbekistan has been consistently implementing reforms aimed at strengthening the financial sector, particularly enhancing the participation of commercial banks in the securities market. These reforms are primarily focused on increasing the capitalization level, financial stability, and investment capacity of banking institutions, which are considered key intermediaries in the national financial system.

The expansion of banks’ involvement in securities operations is closely linked to government policies directed at increasing their total assets, strengthening their capital base, and improving risk management mechanisms. Such measures are expected to enhance the ability of commercial banks to actively participate in stock market operations, including the issuance, purchase, and management of securities, thereby contributing to the overall efficiency of the financial market.

Moreover, recent legislative and regulatory reforms adopted by state authorities have significantly improved the legal framework governing securities transactions. These laws and by-laws aim to ensure greater transparency, strengthen investor protection, and facilitate the development of modern financial instruments. As a result, the securities market is gradually evolving into a more structured and reliable component of the national economy.

In this context, the growing interaction between commercial banks and the securities market plays a crucial role in mobilizing financial resources, supporting investment processes, and fostering sustainable economic growth in Uzbekistan.

### **Main part: Rewritten and academically improved version**

Recent amendments and additions to the regulatory framework governing the securities market in the Republic of Uzbekistan, including the Regulation “On the register of over-the-counter securities transactions”, the Regulation “On handling and circulation of government short-term bonds”, as well as methodological guidelines “On the destruction of documentary securities”, demonstrate the ongoing efforts to modernize and improve the efficiency of the national securities infrastructure.

These regulatory updates are aimed at enhancing transparency, strengthening market discipline, and ensuring the reliable functioning of securities operations. In particular, securities continue to play a significant role in facilitating state financial obligations and supporting investment processes that channel financial resources into priority sectors of the economy. Furthermore, transactions involving securities represent one of the key income-generating activities within the financial market, contributing to the development of capital markets and financial intermediation.

In this regard, the Decree of the President of the Republic of Uzbekistan dated February 7, 2017 No. PF-4947, “On the Strategy of Actions for the Further Development of the Republic of Uzbekistan”, defines the liberalization of the financial sector and the development of the securities market as one of the key priorities of economic reform. The decree emphasizes the importance of transforming the financial market into an alternative source of free capital for enterprises, financial institutions, and the population, as well as developing a comprehensive medium- and long-term development strategy for the sector.

Within this framework, special attention is given to strengthening the role of securities such as bonds and promissory notes issued by large financial institutions, including banks, insurance companies, state-owned enterprises, and joint-stock companies. The concept also highlights the necessity of simplifying the procedures for issuing securities, including state registration of initial and additional emissions, which is essential for improving market accessibility and encouraging broader participation of economic entities in capital market operations.

Overall, these reforms contribute to the formation of a more efficient, transparent, and investment-attractive securities market in Uzbekistan, supporting long-term economic modernization and financial stability.

It should be noted that the Decree of the President of the Republic of Uzbekistan dated September 2, 2017 No PF-5177 "On priority measures to liberalize the exchange rate" One of the priorities of the state's economic policy in the process of liberalization is to pursue a strict monetary policy aimed at ensuring the stability of the national currency, including the active and adaptive use of its instruments, the development of the state securities market. The task is to implement the practice of conducting open market operations and operations to increase the liquidity of banks by pledging government securities. Investments in the development of the economy, as well as the diversification of its various sectors important. It is no exaggeration to say that banks are now the main financial institution that accumulates a large amount of financial resources and can direct it to the priority sectors of the economy. It is in many respects convenient for banks to carry out this activity through securities. [1]

The growing attention of commercial banks to the formation of the country's securities market is inextricably linked with the growing investment needs of the national economy, without which the deep restructuring of social production, increasing export potential and improving the living standards of the population. it is impossible to raise the level. During the period under review, the share of the remaining earnings in the exchange turnover decreased due to the increase in the share of banks and the agro-industrial complex in the structure of exchange turnover by industry. It should be noted that the largest share in the exchange turnover was maintained by banks in both years. The share of banks in the exchange turnover in 2016 was 50.6%, while in 2017 it was 86.3%.[2]

This situation indicates that commercial banks in Uzbekistan have further strengthened their dominant position in the securities market. In contrast, the participation of other sectors remains relatively limited and shows a declining tendency over the years. Among non-banking sectors, only the agro-industrial complex demonstrates a comparatively active role, accounting for 5.3% in 2016 and increasing to 9.2% in 2017, which still remains significantly lower than the banking sector's share.

The ongoing liberalization and modernization of the national economy require the implementation of large-scale structural reforms and the radical transformation of all economic sectors, including the financial and banking system. These processes have created new responsibilities for commercial banks in expanding their investment activities within the securities market. In particular, the growing involvement of banks in securities operations has opened new opportunities for income diversification, expansion of operational scope, and improvement of liquidity management through the generation of stable investment returns.

Investment activities of commercial banks in the securities market include investments in various financial and non-financial assets such as securities, charter capital, real estate, precious metals, and other investment instruments. These investments are typically made with the expectation of capital appreciation and income generation in the form of interest, dividends, and market value growth. In this context, the investment portfolio of commercial banks represents a structured set of managed financial assets composed of different types of securities aimed at balancing risk, liquidity, and profitability.

When forming an investment portfolio, banks prioritize securities characterized by high safety, liquidity, and profitability. The performance of such portfolios is generally reflected in either the increase in the market value of securities or the receipt of regular income streams. However, it should also be noted that the expansion of investment portfolios is associated with rising operational and management costs. Nevertheless, commercial banks actively participating in the securities market play a crucial role in supporting the development of the real sector of the national economy.

At the same time, statistical analysis of the analyzed period reveals a slight decline in the total volume of investments made by commercial banks in the securities market. Despite this, securities remain an important financial instrument for mobilizing additional capital for banks, particularly through the issuance of shares and other financial instruments aimed at increasing authorized capital and supporting liquidity management. Moreover, securities operations generate additional income sources through investment returns and intermediary services.

In addition, securities facilitate the acceleration of monetary circulation and enable commercial banks to attract a broader range of non-bank financial resources, thereby

contributing to financing sectors of the economy that require capital investment. However, current observations suggest that securities transactions in the Republic of Uzbekistan are still concentrated within a limited group of participants, indicating a relatively narrow level of market involvement and highlighting the need for further expansion and diversification of market participation.

This situation leads to an increase in the participation of commercial banks in exchange trading operations. Although the share of banks in the securities market is relatively higher compared to other sectors, the proportion of securities-related operations within the active side of banks' balance sheets remains quite small. Consequently, income generated from securities transactions is also limited, which indicates the underutilization of this financial instrument in enhancing banks' profitability.

In this regard, it is important to note that, according to international banking practice, particularly the experience of foreign commercial banks, securities operations typically represent the second most significant component of bank assets after credit operations. This demonstrates that in developed financial systems, investment in securities plays a crucial role in ensuring portfolio diversification, income stability, and liquidity management.

Therefore, the relatively low share of securities operations in the asset structure of domestic banks highlights the need for further development of capital market instruments, expansion of investment banking activities, and strengthening of banks' role in securities trading. [2]

**Conclusion.** In connection with the development of the corporate bond market in Uzbekistan, certain commercial banks have begun to play an increasingly active role as intermediaries in the issuance and initial placement of these securities. This indicates the gradual strengthening of banks' investment banking functions and their deeper involvement in capital market operations. In the near future, it is expected that banks in the Republic of Uzbekistan will further expand their range of financial services, including investment and financial consulting, asset management, depository services, trust (fiduciary) services, and transfer agent operations.

Within the context of ongoing accounting reforms, it is essential to ensure the systematic and logical interconnection of key accounting objects such as cash operations, credit transactions, inventory, fixed and intangible assets, labor remuneration, production costs, product costing, finished goods realization, as well as the determination and reporting of financial results. These elements must be accurately reflected in financial statements in accordance with modern accounting principles.

In this regard, strict compliance with the Law of the Republic of Uzbekistan "On Accounting" is a fundamental requirement in the formation of accounting policies at the enterprise level. The choice and justification of accounting policy are influenced by several factors, including the ownership structure and organizational-legal form of the business entity, type of activity, production scale and number of employees, compliance with the tax regime, level of entrepreneurial activity, development strategy of financial and economic operations, technical and managerial support systems, availability of effective information systems, qualification of accounting personnel, as well as the establishment of material responsibility mechanisms.

At the same time, improving the legal and methodological framework for securities accounting and auditing has become increasingly important due to the growing integration of enterprises, financial institutions, and banks into international markets. Ensuring that securities-

related accounting and audit procedures in Uzbekistan comply with international standards is essential for enhancing transparency, investment attractiveness, and overall economic development. However, the development and implementation of national standards in the field of audit activity still require further in-depth research and methodological improvement.

In addition, the role of tax policy in ensuring sustainable economic development remains crucial. A well-designed tax policy contributes to macroeconomic stability by optimizing tax rates, increasing state budget revenues, regulating foreign trade operations, supporting export growth, and enhancing the investment potential of both legal entities and individuals. Ultimately, it creates conditions for job creation and improvement of the population's welfare. However, achieving such outcomes requires a consistent, long-term, and systematically implemented tax strategy.

Although tax policy in Uzbekistan has been gradually developing and improving, its theoretical framework still lags behind practical implementation. In particular, there is no unified academic consensus regarding its definition and conceptual interpretation. Therefore, tax policy should be understood primarily as a set of state-regulated measures aimed at managing economic and social processes, the effectiveness of which depends on its objectives and implementation mechanisms.

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