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"REFORMS AND NEW TRENDS IN EXPENDITURE ACCOUNTING IN UZBEKISTAN"

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Introduction. Currently, wide-ranging reforms are being implemented in Uzbekistan aimed at developing the economy, increasing competitiveness, and improving expenditure accounting.
One of the main directions of economic reforms is the optimization of production costs, ensuring transparency in expenditure accounting, and aligning it with international standards.
One of the new trends is the introduction of ERP (Enterprise Resource Planning) systems, the digitalization of tax and financial reporting, and the implementation of electronic monitoring of expenditures. Through this, enterprises gain the ability to accurately calculate and efficiently manage their expenses.
At the same time, the improvement of tax policy and the increased transparency of expenditures are contributing to the creation of a favorable financial environment for business entities. This article analyzes the ongoing reforms in the field of expenditure accounting in Uzbekistan, their outcomes, and emerging trends.
Main part. A number of reforms and new trends are being observed in the field of production cost accounting in Uzbekistan. Significant steps are being taken in both the public and private sectors to increase the efficiency of expenditures, ensure financial transparency, and align with international standards.
Below are the key reforms and development directions in this area:

1. **Digitalization of the Reporting System and Implementation of ERP Systems:**

Reforms: ERP (Enterprise Resource Planning) systems are being introduced in enterprises to automate cost accounting and financial management. For example, software solutions such as Odoo, SAP, 1C, and Oracle ERP are being utilized.
ERP (Enterprise Resource Planning) is an automated software system designed to integrate and manage all of a company's resources, workflows, and data. This system enables joint management and analysis of a company’s financials, accounting, human resources, procurement, production, marketing, and other processes.
ERP systems consist of separate modules for different departments.

Module Name	**Function**
Accounting and Finance	Financial calculations, budgeting, expense control
Production	Planning of production processes, resource management
Procurement and Logistics	Warehouse management, procurement, and delivery control
Sales and Marketing	Customer relationship management, marketing strategies
Human Resource Management (HRM)	Employee information, payroll, labor activity

ERP systems enable enterprises to save resources, automate workflows, maintain accurate reporting, and improve information exchange among responsible employees. In Uzbekistan, the demand for ERP systems is increasing, and they play a significant role in enhancing enterprise efficiency.

Trends:

- Electronic accounting and digitized financial reports are being widely implemented.
- ERP systems such as 1C: Accounting and Odoo are becoming increasingly popular in both the public and private sectors.
- Opportunities are being created to analyze and monitor production costs in real-time.

2. Transition to International Standards (IFRS and GAAP)

Reforms:

Starting from 2025, enterprises in Uzbekistan are gradually being adapted to International Financial Reporting Standards (IFRS) and GAAP systems. The transition to international standards is a process of aligning national accounting, financial reporting, and management systems with global benchmarks. In Uzbekistan, this process is being implemented to liberalize the economy, improve the investment climate, and increase competitiveness in the international market.

Trends:

- Establishment of reporting systems in line with international standards.
- Preparation of transparent financial reports for foreign investors.
- Analysis and evaluation of enterprise expenditures in accordance with international practices.

The transition to international standards in Uzbekistan contributes to the development of the national economy and enhances competitiveness in global markets. Implementing standards such as IFRS, GAAP, and ISO ensures transparent financial reporting and creates a favorable environment for foreign investors. For the effective implementation of this process, it is crucial to introduce ERP systems, train accountants, and accelerate digitalization efforts.

2. **Changes in the Tax System and Increased Transparency of Expenditures**

Reforms:

Reforms are being implemented to reduce the tax burden on enterprises and simplify accounting and cost analysis. These changes aim to improve the business environment, attract investment, increase transparency of expenditures, and optimize the tax burden.

Key changes in the tax system:

Reduction and simplification of the tax burden

✅ The VAT (Value Added Tax) rate was set at 15% starting from 2023, which reduced the burden for business entities.

✅ Tax incentives for entrepreneurs operating under patent and license systems – tax relief was provided for small businesses.

✅ Optimization of income and payroll tax rates – the general corporate income tax rate was set at 12%.

Implementation of electronic tax reporting

✅ All reports are now submitted electronically through platforms like E-Soliq and my.soliq.uz.

✅ Digital identification for taxpayers – businesses and entrepreneurs can now manage their tax reports online.

✅ Electronic document circulation – all expenses and tax reports are becoming more transparent.

Alignment with international standards

✅ Transition to OECD standards – corporate taxes are being made more transparentand aligned with international practices.

✅ Tax reporting based on IFRS (International Financial Reporting Standards) – a system compatible with international standards is being developed for taxpayers.

Transparency of expenditures:

Automation of tax control

✅ Electronic management and monitoring of business expenses – enterprise expenditures are monitored through online systems by the government.
✅ Simplified VAT refund mechanisms – businesses can now automate the process of reclaiming overpaid taxes.
✅ Expansion of the "Kassa-chek" system – all trade and service entities are transitioning to electronic reporting.
Transparency of government expenditures
✅ Platforms like OpenBudget.uz and electronic financial monitoring systems – state budget expenditures are now transparent to the public.
✅ Anti-corruption measures – the transparency of the tax system is being increased, and measures are being taken to prevent the misuse of budget funds.

Positive impact of changes in the tax system

Direction	**Result**
Reduction of tax burden	Business development and increase in investments
Electronic tax system	Speed and transparency in tax reporting
VAT refund mechanisms	Legalization of company expenses
Alignment with international standards	Favorable financial environment for investors

Trends:

- ➢ Automation of electronic tax reporting.
- ➢ Legalization of company expenses and direct integration with tax authorities.
- ➢ Simplification of the VAT (Value Added Tax) refund mechanism.

The ongoing reforms in Uzbekistan's tax system are aimed at improving the business environment, reducing the tax burden, and ensuring transparency of expenses. Through electronic tax reporting, digitalized payments, and transparent accounting of expenditures, the goal is to achieve sustainable economic development. These changes create a favorable financial environment for enterprises, attract foreign investments, and enable the efficient use of budget funds.

4. Optimization of expenses and efficient use of resources
Reforms:
Mechanisms are being introduced in enterprises to reduce operational costs, use resources efficiently, and control energy expenditures. Cost optimization in production and service sectors involves efficient resource management, reduction of excessive expenses, and improvement of overall work efficiency. This process is crucial for enhancing the competitiveness and ensuring the financial stability of enterprises.
Digitalization and Automation:
ERP (Enterprise Resource Planning) systems – Automating all financial and production processes to monitor and control expenses.
CRM (Customer Relationship Management) systems – Reducing marketing and service costs by improving customer relationship management.
Digitization of accounting and financial reporting – Eliminating excessive manual calculations and reducing human errors.
Reducing Production Costs:
✅ **Efficient use of raw materials and resources** – Optimizing production processes to lower resource consumption.

✅ **Reviewing production processes** – Reducing costs through energy efficiency and technological modernization.
✅ **Effective contracts with local and international suppliers** – Sourcing affordable and high-quality raw materials.
Optimization of Energy Costs:
✅ **Use of solar and wind energy** – Utilizing renewable energy sources in enterprises to reduce energy costs.
✅ **Implementation of energy-saving technologies** – Installing LED lighting systems, energy-efficient motors, and automated control systems.
Trends:
- Implementing economic modeling and cost forecasting.
- Evaluating and analyzing costs based on schedules.
- Introducing **Lean Manufacturing** principles in production.

Results of Cost Optimization and Efficient Resource Management

Optimization Method	**Result**
ERP and digitalization	Elimination of manual processes, transparency of expenses
Energy-efficient technologies	Reduction of electricity costs
Reorganization of production processes	Efficient use of raw materials and resources
Optimization of logistics	Reduction of transportation and storage costs
Waste recycling	Increased production efficiency and positive environmental impact

Cost Optimization and Efficient Use of Resources are important strategic objectives for every enterprise. Through digitization, energy efficiency, logistics management, and waste reduction, it is possible to lower costs and increase production efficiency.
Enterprises in Uzbekistan can reduce their expenses by transitioning to ERP and digital reporting systems, pursuing technological modernization, and utilizing renewable energy sources. This, in turn, enables them to become more competitive in the international market.
Conclusion: Ongoing reforms in the field of cost accounting in Uzbekistan aim to align financial calculations with international standards, digitize reporting, and improve cost management. Enterprises can enhance efficiency by implementing ERP systems, automating tax and accounting reporting, and optimizing energy and operational expenses.
These changes help strengthen Uzbekistan's competitiveness in the global market and contribute to creating a transparent financial environment for foreign investors. Electronic financial reporting, automated processes in the tax system, and cost optimization measures support the financial stability of enterprises.
Through these reforms, companies gain the opportunity to minimize costs, implement efficient business models, and improve the investment climate. Overall, the cost accounting and financial management system in Uzbekistan is developing based on international practices and is expected to strengthen further in the coming years.

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