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## **THE ISSUE OF ACCOUNTING FOR VALUE ADDED TAX IN THE CONTEXT OF THE DIGITAL ECONOMY**

***Abstract.** This article examines the impact of the policy implemented in the tax sphere in the digital economy in the tax system on the mechanisms for accounting for value added tax.*

***Key words:** digital economy, tax system, tax control, tax administration, value added tax, electronic invoicing, digital taxation.*

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## **ВОПРОС УЧЕТА НАЛОГА НА ДОБАВЛЕННУЮ СТОИМОСТЬ В УСЛОВИЯХ ЦИФРОВОЙ ЭКОНОМИКИ**

***Аннотация.** В данной статье рассматривается влияние реализуемой в налоговой сфере политики в условиях цифровой экономики в налоговой системе на механизмы учета налога на добавленную стоимость.*

***Ключевые слова:** цифровая экономика, налоговая система, налоговый контроль, налоговое администрирование, налог на добавленную стоимость, электронное выставление счетов, цифровое налогообложение.*

Accounting reforms are also underway in our country. In particular, Decree of the President of the Republic of Uzbekistan dated January 28, 2022 No.PF-60 "On the development strategy of new Uzbekistan for 2022-2026" [1] and in decision PQ-4611 dated February 24, 2020 "On additional measures for the transition to international financial reporting standards" [2] phased transition of

accounting to international financial accounting standards in our country and the task of harmonizing financial and financial statements has been set. tax accounts have been determined. In order to ensure the implementation of these tasks, the Ministry of Economy and Finance has translated financial statements into Uzbek, and since 2021, large business entities have been accounting according to international standards and preparing financial statements.

According to the decision “On approval of tax reporting forms”, registered by the Ministry of Justice of the Republic of Uzbekistan on October 20, 2020, the list of legal entities that have switched to international financial reporting standards, numbered 3221-1[3] Tax reports based on additions, including forms of value added tax reports, are close to IFRS.

K.M.Misirov, in his dissertation on “Improving financial accounting and auditing of indirect taxes”, studied the issues of improving financial accounting for value added tax and excise tax and made appropriate proposals[4]. This scientific paper highlights the problems of clarifying the VAT base based on improving the current form of the invoice for the financial calculation of value added tax.

In his scientific work, K.R.Khotamov investigated the following issues related to value added tax: approval of exports of products, application of a zero rate of value added tax, adjustment of the tax base and reflection of its results in accounting; improvement of the methodology for conducting tax audits based on documents in an automated system and accounting for indirect taxes, reflection in documents and linking processes in reporting on a practical and methodological basis, etc.

#	The content of business transactions	Based on NBU No. 21.		Based on the offer	
		Debit	Credit	Debit	Credit
1.	To the amount of value added tax paid upon purchase of raw materials (at exporting enterprises)	4410*	6010	4420	6010
2.	To withdraw funds from the budget for the application of a zero rate	5110	6410	5110	4420
3.	When the amount resulting from the	6410	4410	6410	4420

	application of the zero rate is directed to the repayment of arrears on other taxes				
4.	To the amount of value added tax calculated in full if the export of goods is not confirmed	-	-	9430	6410
5.	If the export of goods is not confirmed, the amount of value added tax previously paid for the purchase of raw materials and supplies is taken into account	-	-	6410	4420
6.	When transferring debts to the budget from the settlement account in case of disagreement with the export of goods	-	-	6410	5110

*Table 1. The procedure for reflecting transactions on the application of the zero rate in accounting [5]*

According to K.R.Khotamov: Meaningfully correct accounting entries in the account will prevent confusion in accounting work, in order to avoid errors in the preparation of tax and financial statements, the amounts of overpaid indirect taxes will not be refunded from account 6410 - "Arrears on payments to the budget (by type)" 4420 accounts were proposed - "Overpayment to the budget", an offer was made to refund funds from the account (table 1).

It is advisable to reflect the amount of returned goods and the amount of value added tax paid on it after calculating the sold goods in accounting, pay attention to whether the money was paid for the sold goods or not. it is proposed to reflect accounting by calculation.

Also, in the practice of this economist, accountants reflect operations on the use of a zero rate in accounting in different ways. In order to positively solve this problem, based on the decision of the Ministry of Finance of the Republic of Uzbekistan and the State Tax Committee of the Republic of Uzbekistan dated March 3, 2016, registered with the Ministry of Justice of the Republic of Uzbekistan with No. 2775 dated April 7, 2016, it was proposed to include the accounting method in the Regulation on the procedure for refunding the amount of excess VAT resulting from the application of the rate, to the taxpayer's bank account.

F.A.Akramov, studying in his scientific works the issues of improving the verification of value added tax, highlighted some problems of calculating VAT.

When the auditor checks the cases of corrections to the tax base indicated in the value added tax reports, the grounds for making corrections are studied according to the documents. The correctness of the reflection of these operations in primary accounting documents and accounts is also checked [6].

In our opinion, these scientific papers do not take into account the specifics of calculating value added tax in the digital economy. Also, the problems in the process of transferring the calculation of value added tax to IFRS were not highlighted.

Decree of the President of the Republic of Uzbekistan dated February 24, 2020 No. UP-4611 “On additional measures for the transition to international Financial Reporting standards” on the transition and transformation of accounting in our country and the decision of the Cabinet of Ministers of the Minister of the Republic of Uzbekistan dated August 24, 2020 No. 507 “On approval of the Regulations on the procedure for recognizing the text of international Financial reporting standards and explanations” [7].

The invoice is the main source document for calculating value added tax. Article 47 of the Tax Code of the Republic of Uzbekistan describes the invoice.

Let's look at how some norms related to value added tax of the Tax Code of the Republic of Uzbekistan are reflected in accounting. The accounts involved in the calculation of value added tax are shown in table 2.

We will try to disclose some of the transactions not included in national accounting standards-21, refusing to disclose all transactions related to value added tax in the balance sheets.

<b>Account number</b>	<b>Name of accounts</b>
4010	Invoices to be received from buyers and customers
4310	Advances made to suppliers and contractors for goods and materials
4410	Advance payments on taxes and other mandatory payments to the budget (by type)
5110	Payment account
5210	Currency accounts within the country
5220	Foreign currency accounts abroad
5510	Letters of credit

6010	Invoices to be paid to suppliers and contractors
6240	Deferred tax liabilities and other mandatory payments
6310	Advances received from buyers and customers
6410	Arrears on payments to the budget (by type): Value added tax arrears
7010	Invoices to be paid to suppliers and contractors
7310	Advances received from buyers and customers
9010	Income from the sale of finished products
9020	Income from the sale of goods
9030	Income from the performance of works and services
9040	Return of sold goods
9110	Cost of finished products sold
9120	Cost of goods sold

Table 2. An accounting system that ensures the reflection of value added tax in accounting [8].

Article 239 of the Tax Code provides that the free supply of goods is included in the turnover for the sale of goods (services). The value added tax associated with this process is reflected in the balance sheets as follows.

In the accounting work plan approved by the accounting policy of an economic entity, it is determined that value added tax should be accounted for on account 6420 - "Value added tax arrears". For example, the sale of finished products is reflected in the following accounting entry:

DT 4010-“Invoices to be received from buyers and customers”;

Ct 9010 -“Income from the sale of finished products.”

According to the amount of VAT for this operation, the following accounting entry is made:

DT 4010-“Invoices to be received from buyers and customers”;

Ct 6420-“Value added tax arrears”.

№	The content of business transactions	Accounting records		
		The sum (thousands of soums)	Correspondence of accounts	
			Дт	Кт
1.	Cost write-off of purchased products	250 000	9110	2810
2.	Purchased goods cost deduction	150 000	9120	2910
3.	To the amount of VAT related to the purchased products	30 000	9110	6410
4.	To the amount of VAT related to purchased goods	18 000	9120	6410

<b>5</b>	<b>Payment of VAT to the budget</b>	<b>48 000</b>	<b>5110</b>	<b>6410</b>
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*Table 3. Calculation of VAT on free products and goods reflected in the frames*

Based on the above, we propose in order to improve the accounting of value added tax:

In order to properly organize the accounting of value added tax and ensure the reliability of the data, it is recommended to open the following working accounts under account 6420 -“Value added tax arrears”.

6420- invoices-“VAT on purchased inventory items at the rate of 12%”;

6421- invoices-“VAT on purchased inventory items at a rate of 0%”.

This facilitates the preparation of tax reports on value added tax and serves to strengthen tax control.

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