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IMPROVEMENT OF COST ACCOUNTING AND INTERNAL AUDIT SYSTEMS BASED ON THE TAX CODE

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Abstract: The article were reweals The approach to expenses is the same as for income. However, in this case, justified and documented expenses should be recognized as expenses related to the receipt of income for deduction purposes. That is, in addition to documentary confirmation, another criterion arises - the justification of the expenses.

There are many questions regarding depreciable assets. In 2021, fixed assets and intangible assets that are accounted for by the taxpayer in accordance with the accounting legislation for tax purposes are recognized as depreciable assets. The reference to accounting is used in the context of reflecting the asset as fixed assets. In determining their value, Article 306 of the Tax Code provides for the following norms for tax purposes:

“Unless otherwise provided for in Part Six of this Article, the value of a depreciable asset is included in expenses through depreciation deductions calculated from the initial value, excluding revaluation of depreciation deductions.

Key words: monetary policy, international financial market, commercial banks, development strategy, financial stability, Central Bank, inflation, loan deposits, problem loans, taxes

Introduction

– “In accordance with the Regulation on the Internal Audit Service at Enterprises, the internal audit service is a structural unit established by the decision of the supervisory board of the enterprise and carrying out internal audit at this enterprise. That is, it is a department similar to any other division of the enterprise. The salary of internal auditors is reflected in the same way as the salary of administrative employees.

In this regard, the Regulation establishes a single requirement for organizing internal audit in enterprises with a balance sheet value of 1 billion soums and joint-stock companies with a balance sheet value of more than 100 thousand soums (except for commercial banks and budget organizations). For such enterprises, these are considered expenses of the enterprise arising from the legislation of the Republic of Uzbekistan, Article 305 of the Tax Code. 4-p. 3-p.

Thus, the costs of internal audit are deductible expenses when determining the tax base for profit tax, Article 305 of the Tax Code.”

More guidance on costing here:

How production costs related to the payment of labor are formed;

How expenses are reflected by groups in the calculation of profit tax;

How are non-deductible expenses determined?

Earnings

Article 297 of the Civil Code contains the following norms:

Article 297. General rules

"Total income consists of income received by a legal entity during the reporting (tax) period from sources in the Republic of Uzbekistan and outside its territory.

For the purposes of this section, total income (hereinafter referred to as income in this section) includes income that should be received in any form and (or) from any activity (hereinafter referred to as income received), in particular, the following income:

1) income from the sale of goods (services);

2) income in the form of a premium on credit (loan, microcredit and other financial transactions);

3) income of insurance and reinsurance organizations under insurance and reinsurance contracts;

Income is determined on the basis of primary documents confirming the income received by the taxpayer and other types thereof, including electronic ones, as well as tax accounting records.

Unless otherwise provided for in this section, the application of the legislation on accounting Income reflected in accounting records due to changes in the value of assets and (or) liabilities during the period of the transaction shall not be considered income for tax purposes, with the exception of income actually received".

What constitutes "income from the sale of goods (services)" and "primary documents", including documents for tax accounting, is explained in Article 46 of the Tax Code:

Article 46. Sale of goods and services

"The transfer of ownership rights to goods for a fee or the provision of services for a fee, including the exchange and transfer of goods pledged in the event of the debtor's failure to fulfill his obligations secured by a pledge, is recognized as the sale of goods or services."

According to the Federal Law No. 489 dated August 14, 2020, the ERF is the primary document confirming the actual shipment of goods or the provision of services and is used for tax accounting, in particular, for accounting for the sale of goods (services).

The legislation establishes requirements for the date of registration of the ERF, therefore, income is recognized on these dates.

Thus, for income tax purposes, if the ownership of goods is transferred or services are provided and this fact is confirmed by the ERF - we recognize income, regardless of whether the organization prepares financial statements based on IFRS or IFRS.

Recognition of income for tax purposes differs from its recognition for accounting purposes and for other income, in particular - income on debt

It should be noted that, according to the conceptual framework of IFRS, "Revenue represents an increase in assets or a decrease in liabilities that results in an increase in equity that is not related to contributions from holders of rights to claim equity of the entity." According to IFRS 15, revenue is income that arises in the ordinary course of an entity's activities. In order to recognize revenue in IFRS 15, contracts must be analyzed using a 5-step model and contracts must be identified.

A contract is considered identified (existing) in the following cases:

if the parties have approved the contract;

if the rights of each party to the goods or services are determined;

if the contract is a commercial contract in nature;

if the terms of payment are determined;

if the probability of recovery is high.

There are no such requirements in the IC, therefore, for the purposes of calculating income tax, it is necessary to first refer to the IC norms.

Let's conclude: income for income tax is determined on the basis of primary accounting documents, and not on the basis of financial statements prepared in accordance with IFRS. The Tax Code does not specify that income is formed on the basis of financial statements.

Income for income tax purposes must be determined on the basis of primary documents, including tax accounting documents, with the exception of the norms established in the special rules for determining income in Section XII of the Tax Code.

Exceptions include, in particular, income from long-term contracts (Article 303 of the Tax Code), exchange rate differences (Article 320 of the Tax Code), and expenses for the formation of reserves provided for in Articles 315, 316, 326 of the Tax Code.

For example, in 2021, exchange rate differences were determined in accordance with the legislation on accounting for tax purposes. When determining exchange rate differences for those preparing financial statements:

According to IFRS - advance payments for goods and services are not taken into account as a non-monetary item;

According to IFRS - receivables and payables denominated in foreign currency are included in currency items and must be revalued.

This example clearly shows that there may be differences in accounting under IFRS and IFRS that affect income tax. A direct norm has been introduced into the 2022 Tax Code without reference to the legislation on accounting.

Therefore, organizations should apply the norms of IFRS only if the Tax Code contains a direct norm on determining income in accordance with the legislation on accounting.

The initial value of a depreciable asset changes in the event that the taxpayer makes capital investments in accordance with the legislation on accounting.

As of January 1, 2021, the value of a depreciable asset, taking into account previously conducted revaluations, is considered its initial value for tax purposes.

Starting from January 1, 2021, when revaluation of the value of depreciable assets by a taxpayer, subsequent reporting (tax) The results of such revaluations in the periods are not taken into account when calculating depreciation allowances for tax purposes.

Thus, depreciation for tax purposes should be calculated based on the initial value as of January 1, 2021, taking into account all revaluations carried out by the enterprise during the accounting period under IFRS. Simply put, depreciation in 2021 should be calculated based on the value of fixed assets according to IFRS data.

In this case, starting from 2021, the results of any revaluations, including revaluations for IFRS purposes, are not taken into account when calculating depreciation for income tax purposes

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