



SPECIFIC ASPECTS OF ENSURING THE SUSTAINABLE ECONOMIC ACTIVITY OF BUSINESS ENTITIES THROUGH TAX ADMINISTRATION

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Abstract. This article examines the issues of ensuring the sustainable operation of business entities through the improvement of tax administration. Modern approaches to tax administration, digital transformation processes, the impact of the tax burden on entrepreneurial activities, and existing institutional challenges are analyzed from a scientific perspective. The current situation in the Republic of Uzbekistan is assessed based on statistical data and compared with international experience. The research findings provide practical recommendations aimed at strengthening the financial sustainability of business entities, enhancing voluntary tax compliance, and expanding the application of risk-based tax control mechanisms.

Keywords: tax administration, business entities, sustainable development, tax policy, digitalization, tax compliance, risk management, economic security.

Introduction

In the context of globalization of the world economy, the acceleration of digital transformation processes, and the increasing complexity of economic relations, ensuring the sustainable operation of business entities has become one of the most important strategic priorities of state economic policy. Entrepreneurial activity plays a significant role as a key driving force of the national economy by creating new jobs, increasing household incomes, supplying the domestic market with competitive goods and services, and enhancing the innovative potential of the economy. In effectively accomplishing these tasks, tax administration has gained particular importance. Tax administration serves not only as an essential instrument for generating state budget revenues but also as a strategic management mechanism regulating economic relations between the government and businesses.

In recent years, many countries around the world have implemented large-scale reforms aimed at modernizing tax administration, introducing digital technologies, and developing risk-based tax management mechanisms. In particular, international practices have emerged to improve the efficiency of tax administration systems through the use of artificial intelligence, Big Data, blockchain technologies, and electronic services. These approaches have significantly increased the transparency, efficiency, and reliability of interactions between tax authorities and business entities.

The Republic of Uzbekistan has also been consistently implementing institutional reforms aimed at developing entrepreneurial activity and improving the tax system. In particular, special attention has been paid to liberalizing the tax system, reducing administrative burdens on business entities, expanding the scope of electronic services, and digitalizing the activities of tax authorities. Moreover, within the framework of the **Tax Administration Reform Project**, implemented with the support of the World Bank, important measures are being

undertaken to automate tax administration processes, minimize human intervention, improve risk assessment systems, and strengthen voluntary tax compliance [1].

Despite these reforms, several systemic problems that hinder the sustainable operation of business entities still persist. In particular, the complexity of certain tax procedures, frequent changes in the regulatory and legal framework, disparities in digital literacy levels, underdeveloped tax risk management systems, and limited advisory services provided to entrepreneurs continue to pose significant challenges in this area.

The scientific and practical aspects of these issues have been examined by numerous international and domestic scholars. In particular, American economists Richard Bird and Eric Zolt have interpreted tax administration as an important element of institutional cooperation between the state and businesses, arguing that effective tax management is one of the main determinants of economic growth, investment attractiveness, and entrepreneurial activity [2]. According to their findings, transparency and efficiency in tax administration increase voluntary tax compliance and strengthen fiscal stability.

Studies conducted by British scholar Christopher Heady have identified the simplicity and stability of the taxation system as important factors for the long-term development of small business entities [3]. According to the author, a complex tax system leads to increased transaction costs, reduced entrepreneurial activity, and the expansion of the informal economy.

Russian economist Lidiya Goncharenko has evaluated tax administration as an integral component of state financial control and scientifically substantiated that the introduction of digital technologies can significantly reduce the costs of conducting business activities [4]. Igor Maiburov, in turn, has emphasized that a risk-based tax control system can reduce excessive interference in the activities of business entities, improve the efficiency of inspections, and ensure the rational use of public resources [5].

This issue has also been studied from various perspectives by scholars in Uzbekistan. In particular, Q. Yo'ldoshev has demonstrated that the digitalization of tax administration is an important tool for reducing the size of the shadow economy. A. Vahobov has assessed a business-supportive fiscal environment as an important factor of economic stability. Sh. G'afurov has scientifically substantiated that the widespread introduction of electronic platforms and digital technologies reduces entrepreneurs' transaction costs and improves the quality of tax services [6, 7, 8].

At the same time, an analysis of the existing scientific literature indicates that the institutional, digital, and risk-based management mechanisms necessary to ensure the long-term sustainability of business entities through the improvement of tax administration have not yet been comprehensively studied. In particular, there is an insufficient number of scientific studies in the context of Uzbekistan that evaluate tax administration in relation to the financial stability, economic security, and competitiveness of business entities.

Based on these considerations, the primary objective of this study is to identify existing problems in ensuring the sustainable operation of business entities through the improvement of tax administration, assess their economic consequences, and develop scientific and practical recommendations for the introduction of modern digital and risk-based management mechanisms [11]. The findings of this study will contribute to strengthening the economic security of business entities, improving tax administration, and developing scientific and methodological foundations that support the country's sustainable economic development.



Methodology

The study employed methods such as systems analysis, comparative analysis, and statistical grouping. The information base of the research consisted of official data from the Statistics Agency of the Republic of Uzbekistan, the Tax Committee, the World Bank, and other international organizations.

Analysis

Within the framework of this study, the current state of tax administration in the Republic of Uzbekistan, its impact on the sustainability of business entities, and its existing institutional challenges were comprehensively analyzed based on economic and statistical data. The results indicate that, although significant achievements have been made in recent years in modernizing the tax system, digitalizing public services, and improving the business environment, several systemic issues still remain unresolved.

Ensuring the economic sustainability of business entities through the improvement of tax administration is characterized by a dual nature. On the one hand, there is a need to strengthen the revenue base of the state budget and enhance fiscal discipline; on the other hand, it is necessary to stimulate the economic activity of business entities and optimize the administrative burdens imposed on them. Achieving a balance between these two directions is one of the most important objectives of effective tax administration.

The analysis demonstrates that the growth of tax revenues in Uzbekistan reflects the positive outcomes of institutional reforms implemented in the national economy. In particular, the introduction of digital technologies, the expansion of electronic services, the reduction of the shadow economy, and the broadening of the tax base have contributed to the steady growth of state budget revenues.

Table 1

Dynamics of Tax Revenues in Uzbekistan¹

Indicators	2023	2024	Growth (%)
State budget revenues (trillion UZS)	165.9	199.9	20.3
Corporate income tax (trillion UZS)	28.4	36.7	29.1
Property tax (trillion UZS)	5.1	6.8	33.5
Turnover tax (trillion UZS)	2.4	2.8	17.6
Land tax (trillion UZS)	6.9	8.2	19.2

The analysis of the data presented in Table 1 indicates that state budget revenues amounted to **199.9 trillion UZS in 2024**, representing a **20.3% increase** compared to 2023. This figure demonstrates the stable development of the country's economy and fiscal management system.

Furthermore, **corporate income tax revenues** increased from **28.4 trillion UZS to 36.7 trillion UZS**, reflecting a **29.1% growth**, which indicates a rise in the level of economic activity and profitability of enterprises. The **property tax** recorded the highest growth rate, reaching **33.5%**. This suggests increasing efficiency in the registration and digitalization of real estate assets.

However, an increase in tax revenues does not always imply that more favorable conditions are being created for business entities. In some cases, administrative mechanisms

¹ Manba: O'zbekiston Respublikasi Soliq qo'mitasi ma'lumotlari asosida muallif tomonidan tuzilgan.

introduced to achieve fiscal efficiency may impose additional time and financial costs on businesses. Therefore, alongside increasing tax revenues, reducing administrative burdens and improving the quality of services provided to entrepreneurs should also be considered a priority task.

Moreover, international experience demonstrates that modern tax administration should focus more on its **service-oriented function** rather than its **control function**. This is because a management system based on cooperation with business entities contributes to improving voluntary tax compliance.

Discussion

Insufficient digital literacy remains a significant challenge, particularly for small enterprises operating in regional areas. As a result, the use of electronic services remains limited, and businesses continue to rely on paper-based documentation.

Furthermore, the insufficient development of tax risk assessment systems leads to an increase in the number of inspections. This, in turn, causes business entities to be temporarily distracted from their core production and service activities.

The inadequacy of advisory services also contributes to an increase in tax-related errors and, in some cases, the imposition of financial penalties. Consequently, this negatively affects the financial stability of enterprises.

The findings of the study indicate that, under modern economic conditions, improving tax administration is one of the most important institutional factors for ensuring the sustainable development of business entities.

According to World Bank experts, modern tax administration should be based on the following three fundamental principles:

- **service-oriented management;**
- **risk-based control;**
- **full digitalization.**

These principles contribute to elevating the relationship between the government and business entities to a qualitatively new level.

The analysis indicates that the long-term sustainability of business entities is directly dependent on the following factors: the optimal level of the tax burden, the simplicity of tax reporting procedures, the convenience and efficiency of electronic services, the stability of tax legislation, and the development of institutional cooperation between tax authorities and business representatives.

International experience demonstrates that the use of electronic invoices, automated declaration systems, remote monitoring, and artificial intelligence technologies significantly improves the efficiency of tax administration.

The introduction of artificial intelligence technologies makes it possible to forecast tax risks in advance, detect hidden economic transactions, and ensure the rational use of resources. As a result, the supervisory activities of tax authorities become more selective, eliminating the practice of subjecting all entrepreneurs to the same level of inspection.

Conclusion and Recommendations

The results of the study indicate that tax administration is one of the strategic institutional management mechanisms for ensuring the economic sustainability of business entities. Although the ongoing digitalization processes and institutional reforms in the country

contribute to improving the efficiency of the tax system, additional measures are required to address the existing challenges.

Based on the research findings, the following scientific and practical recommendations have been developed.

First, it is necessary to establish a “Unified Entrepreneur Profile” platform by integrating data from all government agencies. Second, it is advisable to introduce a risk index-based tax monitoring system. Third, a system for forecasting tax risks using artificial intelligence technologies should be developed. Fourth, it is recommended to implement an automated tax declaration system for small business entities. Fifth, it is necessary to strengthen and develop the institution of professional tax consultants. Sixth, it is essential to ensure the stability of regulatory and legal documents and expand the practice of discussing them in advance before their implementation.

The practical implementation of these recommendations will contribute to strengthening the economic security of business entities, enhancing their competitiveness, and ensuring the sustainable development of the national economy.

The analysis revealed that the main factors negatively affecting the sustainable operation of business entities include the complexity of tax reporting procedures, frequent changes in tax legislation, insufficient levels of digital literacy, underdeveloped risk management mechanisms, and limited access to advisory services.

In the future, the widespread implementation of risk-based management systems, artificial intelligence technologies, big data analytics, automated declaration systems, and integrated digital platforms can significantly enhance the economic security, financial stability, and competitiveness of business entities.

The findings of this study have important theoretical and practical significance for shaping public policy aimed at improving tax administration, developing support mechanisms for business entities, and enhancing scientific and methodological approaches that promote the country's long-term sustainable economic growth.

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