

**PROSPECTS FOR THE DEVELOPMENT OF TAX AUDIT IN UZBEKISTAN:
CHALLENGES, OPPORTUNITIES**

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Abstract: *The tax audit landscape in Uzbekistan has undergone significant changes in recent years, with the government implementing various reforms aimed at improving tax administration, enhancing compliance, and boosting revenue collection. This article explores the prospects for tax audit development in Uzbekistan, focusing on the challenges faced by the tax authorities, the opportunities offered by digitalization and international cooperation, and the future directions for enhancing the effectiveness and efficiency of tax audits. The analysis is based on a comprehensive review of relevant literature, recent legislation, and expert opinions, as well as a comparison with international best practices. The findings reveal that while the tax audit system in Uzbekistan has made considerable progress, further improvements are needed to address persistent issues and seize the benefits of technological advancements and global collaboration.*

Keywords: *Tax, audit, tax administration, OECD, World Bank, export potential, audit system.*

Introduction:

Tax audit plays a crucial role in ensuring the effective administration of a country's tax system, promoting compliance, and maximizing revenue collection. In Uzbekistan, the tax audit landscape has been evolving rapidly in recent years, driven by a series of reforms aimed at modernizing the tax administration, simplifying the tax system, and strengthening enforcement capabilities (OECD, 2020). Despite these efforts, challenges remain in terms of achieving a transparent, efficient, and equitable tax audit system that aligns with international standards and best practices. This article examines the prospects for tax audit development in Uzbekistan, focusing on key challenges, opportunities, and future directions.

Challenges

1. **Limited resources and capacity:** Like many developing countries, Uzbekistan's tax authorities face resource constraints that hinder their ability to conduct comprehensive and effective tax audits (World Bank, 2019). This includes a shortage of skilled auditors, inadequate training and ongoing professional development, and insufficient funding for modern technologies and tools.

2. **Informal economy:** A significant portion of Uzbekistan's economy operates informally, which makes it challenging for tax authorities to identify and monitor taxpayers, assess their tax liabilities accurately, and enforce compliance (IMF, 2020).

3. **Complex tax legislation:** Despite recent simplification efforts, Uzbekistan's tax legislation remains complex and difficult for taxpayers to understand, which can lead to



unintentional non-compliance and increased administrative costs for both taxpayers and tax authorities (OECD, 2020).

Opportunities

1. Digitalization: The adoption of digital technologies can significantly improve the efficiency and effectiveness of tax audits in Uzbekistan by automating routine tasks, enhancing risk assessment and targeting, and facilitating data sharing and collaboration among various government agencies (OECD, 2019). Examples include the use of electronic invoicing, big data analytics, and artificial intelligence tools.

2. International cooperation: Uzbekistan can benefit from increased engagement with regional and international partners, such as the Eurasian Economic Union, the OECD, and the World Bank, to share best practices, access technical assistance, and participate in joint initiatives aimed at strengthening tax audit capacity and promoting tax transparency (OECD, 2020).

Directions

Based on the analysis of challenges and opportunities, the following recommendations emerge for enhancing the development of tax audit in Uzbekistan:

1. Strengthen capacity building: Tax authorities should invest in human capital development by providing comprehensive training and ongoing professional development opportunities for tax auditors, as well as recruiting and retaining skilled personnel.

2. Simplify tax legislation: Further efforts should be made to streamline tax legislation and make it more comprehensible for taxpayers

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