



## **GENERAL METHODOLOGICAL BASES OF TAX PLANNING IN ENTERPRISES**

**Shernaev Akbar**

Associate Professor of Tashkent Institute of Finance, Uzbekistan

akbar@bk.ru

### **Abstract**

*The paper studies the general methodological foundations of tax planning in enterprises of the Republic of Uzbekistan, their factors, analyzes the main modern concepts of an effective system of organizing tax planning in accordance with which the directions in which the state can actively influence the process of optimizing tax planning are identified. Considerable attention is paid to characterizing the importance of principles, as well as explaining the elements of tax planning in enterprises. According to the results tax planning will allow to forecast cash flows and adjust budget expenditure to cash flows.*

*Keywords: Tax planning, optimizing the taxation, tax flow management system, tax instruments, tax accounting, tax benefits, contract policy, principles of tax planning*

### **INTRODUCTION**

In the "Strategy of Action on the Five Priority Directions of the Development of the Republic of Uzbekistan in 2017-2021", approved by Decree of the President of the Republic of Uzbekistan dated February 7, 2017 No. UP-4947, special attention is paid to the development of general methodological foundations of tax planning in business entities in the context of market transformation Wednesday. Summarizing the messages to the Oliy Majlis (in 2017, 2018), the President of the Republic of Uzbekistan Sh. Mirziyoyev drew attention, first of all, to the transition to an effective tax policy, which will:

- extremely clear and clear to taxpayers;
- optimal for business;



- streamlined from the point of view of tax control and preparation of financial and tax reporting;
- clearly define the practice of using tools for tax optimization of taxpayers, thereby avoiding the business of criminal tax evasion.

Currently, almost all business entities without exception apply tax planning as an integral part of their financial activities. Meanwhile, with the beginning of active growth and intensification of economic relations, legislation on taxes and fees began to rapidly lag behind the needs of a practice that was becoming increasingly complicated under the influence of "creativity" of taxpayers, since any tax conflict is based on imperfection of current legislation on taxes and fees. Therefore, it can be noted that today normative legal acts do not always contain norms that allow to adequately distinguish lawful tax planning from cases of understating tax payments as a result of unlawful actions aimed at tax evasion (tax offenses and crimes), or abuse of law (creation artificial legal constructions to optimize the tax burden).

The aim of the research is to estimate the relationship between the tax planning and future economic development of the enterprise.

## LITERATURE REVIEW

A number of scientists and practical economists consider tax planning, on the one hand, as a result of using modern scientific knowledge, and on the other, as a field of practical activity in an enterprise.

On the one hand, it is planned to develop institutional tax planning in the enterprise: its subject and object, set of principles, regulatory and legal tools; on the other hand, the modernization of specific methods and techniques of managerial decisions on tax management in the enterprise.

J. Stiglitz notes that: "A change in the economic situation requires a change in tax rates." The importance of the regulatory function as an instrument of taxation of enterprises emphasizes V.G. Panskov. He says that "... the state can consciously use it to regulate certain proportions in the socio-economic life of society." L. Evstigneev, focuses on the multiplicity of problems, and emphasizes the regularity of increasing the regulatory function through the use of tax instruments, provided that increased government intervention in economic processes is increased and regulatory value is minimized, provided that the regulation of the economy is weakened. Therefore, the scientist says that it is necessary to modernize the regulatory function, in terms of adjusting and refining tax instruments, as an integrated mechanism of tax planning in enterprises.

Other scientists and economists-practitioners in the modern life of enterprises illegally reduce tax planning to minimize tax payments to the budget, aimed at opposing tasks between

the government and organizations, giving a negative character to business activities in enterprises.

The issues of tax planning for many years are considered both from a theoretical point of view, and in relation to different industries. Despite this, there is currently no uniform approach to the definition of the term “tax planning”.

This is due to the fact that studies are carried out at different levels and are not systemic in nature. In economic materials (literature) there are various definitions of this concept, some of which are given in table 1.

Table 1 Tax planning concepts proposed  
scientific researchers \*

Author	Definition of tax planning
Н.Н. Селезнева	Tax planning - “this is a focused activity of the organization, focused on the maximum use of tax legislation in order to reduce tax payments to the budget”.
Е.С. Вылкова, М.В. Романовский	Planning at the level of an economic entity is understood as “an integral part of managing its financial and economic activity, which consists in establishing the desired future state of the object and the optimal ways and methods to achieve this state in conditions of limited resources and the possibility of their alternative use”
В.Г. Пансков	“An integral part of the tax process, which is the activity of state authorities, local self-government and taxpayers to determine for a given time period the economically justified amount of tax revenues to the relevant budget, as well as the amount of taxes payable by a particular business entity” .
Н.Г. Викторова	Tax planning - “these are legal ways to optimize the taxation of an economic entity, taking into account the strategy and tactics of its economic development” .
А. Майбуров	Tax planning refers to “methods of choosing the best combination of building legal forms of relations and possible interpretations within the framework of the current tax legislation” .
<b>Author’s definition for the purpose of the study</b>	Tax planning is a focused tax flow management system through the use of scientifically sound modern tax instruments that ensure their optimal combination depending on the specifics of the business entities and the contractual relationships they use, which allows to increase the efficiency of the enterprise.

The analysis of the concept of tax planning proposed by scientific researchers allows us to conclude that there is no common understanding about the nature of tax planning in an enterprise. In the definitions, the term “tax planning tools” is missing. In our opinion, the tools are elements of tax planning in the enterprise, which can significantly affect the tax burden of the enterprise and the formation of the tax budget.

## REVIEW AND RESULTS

The activities of the enterprise cannot do without preliminary systematic and integrated planning and forecasting. Planning is presented as a type of activity in business entities, focused on a system of optimal alternatives for the development of a financial and economic system aimed at a certain period of time; as the definition of certain tasks facing the enterprise, the optimization of financial and economic results, and the formation of ways to achieve them.

The term “tax planning” and the related tax instruments used for the purpose of optimizing the taxation of organizations are widely used in special and scientific publications that describe tax issues in enterprises, but tax planning specialists understand this differently: optimization of the tax burden through financial -economic planning including financial investments with deferred (installment) deductions of taxes to the budget, purchase of securities and the use of preferential tax zones; regular analysis or assessment of different tax models aimed at serious optimization of tax liabilities in the enterprise in the current and future tax periods; activities of taxpayer enterprises aimed at optimizing tax liabilities to the state budget; creation of business contracts for transactions and a combination of various taxation methods in order to optimally minimize taxes and tax risks in enterprises, as well as to preserve and increase the earned values (capital); purposeful regulatory actions of economic entities (enterprises) aimed at reducing the tax burden.

The basis of a variety of modern theoretical concepts of the use of tax instruments in the taxation of enterprises was laid by the works of famous domestic and foreign scientists and specialist economists specializing in the whole field of taxation, as well as on individual tax planning tools.

An interesting approach is reflected in the work of G.A. Simon "Theory of decision-making in economic theory and the science of behavior" (1959). He puts forward the slogan “Satisfaction against maximization” and justifies “satisfaction of owners” as the main goal in the activities of organizations. Gradually, this idea became fundamental and makes it possible to develop modern microeconomics, including financial management in the enterprise. The concept of financial management is based on it. During the period of market economy, the focus

of production (business) planning on financial planning (tax planning). Tax planning in enterprises is an integral and important part of the financial management system.

The regulatory doctrine of the Republic of Uzbekistan for a sufficient time did not consider tax planning in the organization, reducing everything to a banal minimization (tax evasion) of taxes. At the same time, tax minimization was achieved with the help of tax instruments, increasing the profit of the enterprise, therefore the final goal of tax planning is not only to optimize the tax burden, but also to increase the financial and economic stability of the enterprise. From business activities, the desire of enterprises for financial and economic development (growth) follows. One of the important regulatory areas of investment growth are taxes and tax instruments.

A weak theoretical study of tax planning in enterprises, which allows diversifying modern managerial financial decisions, indicates the lack of involvement of all elements to reduce the tax burden, in order to increase the efficiency of entrepreneurial activity.

Tax planning provides the conditions for stable financial and economic growth of enterprises, which allows ensuring the stability of the business entity and attracting additional resources for the modernization of business processes. The application of regulatory tax benefits in the current market policy of the government helps legal entities to receive an additional incentive to develop their economy, thus helping to increase tax revenues to budgets of different levels in the future.

Based on various points of view in approaches to the definition of tax planning, we can highlight the following general points:

- tax planning is closely related to the minimization of tax payments, according to which the tax planning includes activities in the enterprise, which leads to the maximum reduction of tax obligations;
- tax planning is considered as a type of management activity, which includes actions related to the analysis of taxpayers of their tax payments on financial decisions made, since ultimately the company is not concerned with the tax burden, but with the effectiveness of management decisions and their effectiveness.

The above concepts by scientific researchers are not quite relevant, from the point of view of using tax tools in the process of tax planning in the activities of enterprises.

In our opinion, in the concept of tax planning, it is necessary to introduce such a concept as "tax tools", which contribute to the mechanism of movement of optimization processes in the economic activity of enterprises, from the point of view of the integrity of scientific and practical interactions of internal planning of tax payments.

Thus, tax planning is a focused tax flow management system through the use of scientifically sound modern tax instruments that ensure their optimal combination depending on the specifics of the business entities and the contractual relationships that they use, which can increase the efficiency of enterprises.

Particular attention in this definition is given to tax planning tools (tax accounting, tax benefits, contractual policies, etc.), since they allow the development of new optimization methods and tax planning schemes in enterprises.

As part of the development of tax planning at the present stage, many scientists and practical economists have begun to deeply research and modernize tax tools in their individual works.

Tax accounting as one of the most important tax planning tools developed along with the development of the tax system as a whole. The formation of an independent tax accounting system was a requirement of the modern world as part of the transition to international tax accounting standards.

Interesting in this case is the development of the tax accounting system proposed by A.V. Bryzgalin and co-authors, finalized by A.V. Soshnikova in her dissertation research [12]. The basis of this system for the development of tax accounting includes regulatory changes in the financial (tax) legislation, which allows to improve the calculation of tax bases in the enterprise. Currently, tax accounting is being modernized and is seriously affecting the tax liabilities of an enterprise to the state, since a lot of methodological approaches have been developed in the framework of financial (tax) legislation that need to be taken in the accounting policies of the organization, and thus these methods affect tax bases for taxes, therefore, on tax payments of enterprises to budgets of different levels.

The formation of a new economic and financial system in the state allowed the use of tools that allowed the use of various methods that affect business processes in the enterprise. Studies of scientists and economists-practitioners in recent years in the field of taxation show that the main tax planning tool in enterprises is tax incentives or, as they are called in a number of scientific studies, preferences.

Gracheva E.Yu., Sokolova E.D. writes, “that the benefits provided by certain categories of taxpayers are tax benefits provided by law compared with other taxpayers, including the ability to not pay tax or pay less”

I.V. Karavaeva writes that in order to make rational investment use of profits in organizations and attract investors, it is necessary to create, within the framework of the taxation system of enterprises, schemes for using tax incentives in accordance with the law, encouraging investments in the modernization of entrepreneurial activity

Research authors cannot determine the final classification of tax benefits in the tax planning system, and if they exist, then understanding their application is quite difficult. Since there are no algorithms for evaluating the effectiveness of the application of benefits in enterprises. So, V. Gorobinskaya says that "it's also difficult to talk about the simplicity and convenience of the tax system, since there is a constant complication of even tax return forms" [15]. We see that a scientist-researcher in his own words wants to emphasize that many scientists simply complicate the tax system, but do not think that the taxpayer is simply confused about the practical application of tax benefits in financial and economic activities.

The role of tax incentives in the activities of enterprises relates to important, relevant discussion issues, in tax institutional theory and in practical terms. There is still no widespread use of the concept of "tax incentives" as a tool for tax planning of innovative (investment) activities of enterprises in the basics of taxation and practice, there is no clear defined approach to the definition and specific content of tax incentives for organizations. In international practice, there is no clear classification of the types of tax benefits, and the impact of tax benefits on financial and economic activities in enterprises is not described.

According to reputable scientists Dadashev A.Z. and Lobanova A.V. .. the main methods of tax management is tax planning, tax regulation and tax control.

These elements have their own methods (forms) in implementation, designed to provide managerial decisions in enterprises. These management decisions should be based on a single integrated approach in the framework of tax planning. And control act as one of the tools to influence the financial results of enterprises, even if not directly, but indirectly.

Gerasimova E.N., Makarova O.A., Ilyushina I.N., under tax control is understood as "the activities of tax officials within their competence in the forms provided for by the Tax Code, in order to verify the correctness of the calculation and payment of taxes and fees, as well as the identification and elimination of tax offenses and the reasons that give rise to them, compliance with the legislation on taxes and fees ". These thoughts of scientists can be used in the financial and economic activities of enterprises. Since it involves eliminating within the framework of the audit reasons that could negatively affect the financial results of enterprises.

Other authors note the importance of another property of tax control - optimization of financial and economic indicators in the activities of enterprises. So, Moroz V.V. believes that tax control is a system of monitoring the financial and economic activities of the taxpayer with the aim of optimizing it for the quality use of tax legislation. These authors, researchers believe that it is necessary to consider tax control in the tax planning system of enterprises in order to conduct analysis of control procedures within the framework of tax planning.

Hence the tax planning, we offer a three-level model that reflects the serious elements (operational or strategic), in accordance with the modeling of tax planning in the enterprise, aimed at systematic measures for planning tax bases and therefore tax liabilities, after analyzing or evaluating the effectiveness of the tax planning system in enterprise (table 2).

Table 2 Elements of tax planning in enterprises and assessment  
of the effectiveness of tax planning \*

Planning Type	Planning elements
Strategic Tax Planning	The goals and objectives, planning directions in the activities of the enterprise are determined
	The choice of organizational structure and legal form of an economic entity
	Determination of the structure of the enterprise (integrated organization or participation in it, on the creation of structural units)
	The choice of location and structural units of the enterprise
	Development of accounting tax policy in the enterprise
Operational tax planning	Development of the tax field of the enterprise
	Tax management in the enterprise (calculation, assessment, analysis of tax bases)
	Analysis and application of tax benefits
	Determination of the optimal tax accounting model
	Formation of the tax budget
	Analysis of contract policy and determination of the optimal form of transaction
Assessment of the efficiency and effectiveness of tax planning	Assessment of the implementation of the tax budget. Establishment of the magnitude of deviations of the results.
	Definition of a system of indicators characterizing the effectiveness of the proposed tax planning tools
	Modernization of the existing tax planning system using tax tools

## CONCLUSION

1. Tax planning is closely related to the minimization of tax payments, according to which tax planning includes activities in the enterprise, which leads to the maximum reduction in tax obligations.
2. Tax planning is considered as a type of management activity, which includes actions related to the analysis of taxpayers of their tax payments on financial decisions made, since in the end,



enterprises are not concerned about the tax burden, but the effectiveness of management decisions and their effectiveness.

3. In the concept of tax planning, it is necessary to introduce “tax tools” that contribute to the mechanism of movement of optimization processes in the economic activity of enterprises, from the point of view of the integrity of scientific and practical interactions of internal planning of tax payments.

4. Tax planning is a focused tax flow management system through the use of scientifically sound modern tax instruments that ensure their optimal combination depending on the specifics of the business entities and the contractual relationships that they use, which allows to increase the efficiency of enterprises.

5. Today, in modern market conditions, it is necessary to determine the structural units in the enterprise, where it is necessary to systematically and comprehensively apply, both in a single and integrated approaches, tax planning:

Firstly, these are integrated structural organizations: structural corporate organizations led by the parent organization (subsidiaries and affiliates).

Secondly, new commercial organizations, the development of which is happening rapidly, quickly maximizes capital. Consequently, in such enterprises the use of tax planning tools is required depending on the market conditions and the development of a market economy.

Thus, the internal tax planning in joint-stock companies is to determine the future expected financial and economic condition of the enterprise, which must be implemented in order to bring the company from its current position to more sustainable development. The planning mechanism is based on the interaction of research processes of tax instruments and modeling the predicted level of (innovative, investment) development in enterprises.

The insufficient theoretical and practical system for introducing tax planning tools in enterprises makes it possible to comprehensively model effective business decisions taking into account different tax models and factors, and allows us to speak about the incomplete use of all possible reserves (elements) to optimize the tax burden in order to increase the efficiency (effectiveness) of financial economic activity in the enterprise.

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