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## Tax offenses and responsibility for the commitment

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### Abstract

The scientific article systematically analyzes offenses related to violation of tax discipline and their types. The author's comparative analysis of the legislation of foreign countries served to reflect the unique aspects of the article. This article describes the possibility of reducing tax violations based on the improvement of the current normative-legal acts and the actions that should be taken in the near future. The author puts forward a firm position that the main direction in finding a legal solution to these issues should be ensuring tax discipline, tax culture and expanding the use of information technologies. Meantime, the article puts forward suggestions and recommendations based on the analysis of existing problems in this sphere.

**Keywords:** Tax discipline, tax system, offenses, types of taxes, tax liability, taxpayer, responsibility, legal responsibility, financial responsibility, administrative responsibility, offense, responsibility

### 1. Introduction

With the emergence of a market economy based on multi-ownership in our country, various forms of ownership have appeared and today they operate freely in the economy and are recognized as income generating factors. Human society and world experience require that any legal income should be taxed to cover the necessary expenses of the state based on the law. Thus, a complex of tax obligations and rights creates a relationship between taxpayers and the state.

Tax relations in our country are regulated by a number of laws, and non-compliance with them creates the concept of a tax offense and responsibility for it. This, in turn, assumes that the fight against it, its prevention and elimination must be carried out through the legislation. It should be noted that tax offenses have a negative impact on the state budget and economic security of the country and are committed in the form of a shadow economy. The shadow economy is implemented against the economic and financial interests of legally operating business entities and consumers, as well as the state <sup>[1]</sup>.

If we pay attention to the activities of the state tax service bodies, in August 2022, "184.6 billion soums were received for tax audits, 517.5 billion soums for cameral tax inspections and 25.1 billion soums for mobile tax inspections, trade and on the basis of the appeals received regarding offenses of the rules of service, mobile tax inspections were completed in 7,365 cases, and financial fines of 25.1 billion soums were collected" <sup>[2]</sup>.

While covering this topic, here, the main focus is on the content of the concepts of "tax violation" and "tax offense". When we refer to legal theory, in the process of commenting on these concepts by a group of law scholars, we see that the majority of them expressed their opinion on the use of these concepts in a unified sense.

**In the process of research, we tried to answer three questions:** firstly, the concept of legal responsibility and what are the opinions of foreign and national scientists about it, secondly, what is the place of legal responsibility for violating tax discipline in the legal responsibility system; thirdly, are there special features of legal responsibility for violation of tax discipline?

In response to these questions, the author's position was developed, and a number of important features of legal responsibility for violation of tax discipline were highlighted. This article focuses on the conceptual, theoretical, constitutional-legal and practical understanding of foreign widespread methods. In this research, the methods of analysis, generalization, comparative-legal, systematic-structural, formal-legal methods of scientific knowledge were applied.

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## 2. Literature review

For instance, according to E.T. Khojiev, “The use of these terms in one sense causes certain confusions”. “Violation upon tax legislation constitutes a more expansive concept compared to a tax offense, per its inherent nature. This is due to the fact that all tax offenses can be recognized as violations of tax legislation, however, not all violation of tax legislation requirements manifest as tax offenses”<sup>[3]</sup>.

We agree with the opinions expressed by E.T. Khojiev. Tax offenses can be committed as criminal acts, administrative offenses, or tax offenses. Therefore, the legal basis for determining legal responsibility for tax offenses is defined by the Tax Code, the Code on Administrative Responsibility, the Criminal Code, and other legislative acts of the Republic of Uzbekistan.

The second matter demanding our scrutiny is the definition of tax offenses and their legal implications, a subject which has drawn the attention of numerous law scholars.

Among others, A.V. Demin defines the concept as an unlawful, culpable act or inaction for which financial sanctions are envisaged as a legal measure of influence, determined due to non-fulfillment or insufficient fulfillment of tax obligations<sup>[4]</sup>.

L.V. Xvan proffers an alternative definition of the concept, characterizing a tax offense as an unlawful and culpable act or inaction, manifested as non-compliance or insufficient compliance with legal rules. Such violations attract legal responsibility as stipulated by legislative acts pertaining to various legal domains<sup>[5]</sup>.

E.T. Khojiev posits that a tax offense constitutes an unlawful and culpable act (committed with intent or negligence) that infringes upon and harms relationships regulated and safeguarded by tax legislation, for which legal responsibility is prescribed.

In general, as a result of the analysis of the definitions given by the above scholars to the concept of tax offense, we came to the following conclusion. In particular, in defining this concept, A.V. Demin, R.T. Berdiyarov and Z.N. Kurbanov took the right approach.

However, L.V. Xvan’s statement that “such violations attract legal responsibility as stipulated by legislative acts pertaining to various legal domains” complicates the distinction of the concept of tax offenses from offenses in other areas of law, as well as from the concept of tax crimes. In the definition given by E.T. Khojiev, all the legal features of this concept are expressed. We believe that this will have a positive effect on the correct interpretation of the essence of the tax offense.

S.G. Pepelyayev has a different approach to financial responsibility in the sphere of taxation, and in his opinion, the term “tax responsibility” is sometimes interpreted as a type of financial responsibility. In fact, if we consider the tax responsibility as a type of financial responsibility, we can say that it has important financial characteristics, because it arises to commit a tax offense, is carried out in a procedural form and is based on state coercion<sup>[6]</sup>.

Based on the above and as a result of analyzing the opinions of law scholars, we can cite the following signs of the concept of a tax offense: factual basis for violation of the requirements of tax legislation; illegality of the act; the expression of action in action or inaction; the presence of guilt in the form of intent or negligence of the person who committed the act; application of state coercive measures by the state and its authorized bodies or officials for the

committed act, etc.

Accordingly, we found it necessary to define this concept as follows, Based on this, we believe it is appropriate to define the concept as follows: Tax offense is a culpable and wrongful (action or inaction) committed intentionally or negligently by participants in tax relations, violating tax legislation and resulting in the imposition of financial sanctions.

When analyzing the tax legislation of a number of CIS countries, the definitions given to the concept of tax offenses in their current legislation include the responsibility of tax agents. For instance, in the Tax Code of the Russian Federation, this concept is expressed as follows: The culpable, illegal (violation of the legislation on taxes and levies) act (action or inaction) of taxpayers, tax agents and other persons for which responsibility is defined in this code is a tax offense<sup>[7]</sup>.

According to Article 210 of the Tax Code of the Republic of Uzbekistan, an illegal act (action or inaction) of a taxpayer, tax agent or other person for which responsibility is defined in the tax code is recognized as a tax offense.

When discussing tax offenses, we must first consider their legal characteristics. Yu.A. Kroxina “highlights these legal characteristics of tax offenses: violation of the law, presence of fault, and punishability of the act”<sup>[8]</sup>.

The requirements of Article 210 of the Tax Code of the Republic of Uzbekistan include the following necessary features of a tax offense: illegal criminal act (act or inaction); illegality of the act; presence of guilt; the inevitability of responsibility<sup>[9]</sup>.

It should be noted that determining the legal structure of a tax offense is an important issue in determining responsibility. Before defining the concept of the legal composition of the offense, we should pay attention to what the composition itself means. In the explanatory dictionary of the Uzbek language, it is explained as parts that make up a certain whole<sup>[10]</sup>.

In jurisprudence, this concept is a set of features established by law and characterizing an act as a crime. Thus, the composition of the offense is a collective concept that shows what it consists of, the sum of its parts<sup>[11]</sup>. It is necessary to distinguish between the concepts of the legal nature and legal composition of an offense. These concepts are two different concepts, i.e. content – if an act is recognized as an offense, legal characteristics – reveal the content of the offense.

According to the theory of law, any offense has its own specific structure, including the object, subject, objective and subjective aspects of the offense, and the structure of tax offenses consists of the following:

The object of a crime is a social relationship regulated by any legal rules. Accordingly, we recognize as the object of a tax offense a social relationship regulated and protected by tax legislation.

The objective aspect of the offense is the violation of the right itself, the actual harmful consequence resulting from it, and the causal connection between the act and the result<sup>[12]</sup>.

On the other hand, E. Khojiev represented the objective side of the tax offense with a double feature. These are mandatory optional features. Mandatory features include a violation of the right, a consequence arising from a violation of the right, and a causal link between a violation of the right and a consequence.

The optional characteristics include committing several tax

offenses, repeated tax offenses, and the time of committing tax offenses<sup>[13]</sup>. In our opinion, based on the above points, we recognize that the content of the objective side of a tax offense consists of an act of an individual contrary to the law or inaction, a negative consequence of an act and a causal link between the harm applied by an offender's behavior, as well as an act consisting of the situation in which the offense was committed.

The subject of an offense is a person with legal capacity who commits any offense<sup>[14]</sup>. Accordingly, the subject of a tax offense is a person who commits a tax offense and has legal capacity to be held liable. A number of law scholars indicate individuals and legal entities as subjects of tax offenses. In the tax legislation of our country, individuals and legal entities are recognized as subjects of tax offenses. An individual may be held liable for tax offenses from the age of sixteen<sup>[15]</sup>.

It is necessary to pay attention to another important issue that according to Article 13 of the Tax Code of the Republic of Uzbekistan, the principle of the presumption of the right of the taxpayer is strengthened based on the rule that all irremediable contradictions and ambiguities in tax legislation are interpreted in favor of the taxpayer.

According to what was stated, the subject of a tax offense is a sane person who has committed a tax offense and is held accountable.

The subjective side (*mens rea*) of the offense is the presence of guilt in any offense, that is, the attitude of the offender towards his act and its results in the form of intent or carelessness<sup>[16]</sup>. Accordingly, the subjective side of the tax offense is the presence of guilt in the committed tax offense, which is manifested in the attitude of the offender in the form of intent or carelessness towards his act and its result.

### 3. Discussions and analysis

When determining the guilt of a person who has committed a tax offense, it is necessary to take into account all the circumstances of the legislation. We consider it necessary to pay attention to the following when considering a person's responsibility for a tax offense.

- firstly, to the existence of the content of the tax offense.
- secondly, to exempt from responsibility for a tax offense in the absence of an offense.
- thirdly, the existence of circumstances that exclude the guilt of committing a tax offense and his prosecution.
- fourthly, to mitigating and aggravating circumstances of responsibility for a tax offense and so on.

#### **These situations are reflected in the current Tax Code**

On the basis of the reforms implemented in the context of modernization and reform of the economy in our country, first of all, it is important to further improve the tax policy, to make it more compact, and to simplify the payment mechanism.

In general, in recent years, with the development of financial legislation, especially tax legislation, in the conditions of deepening market economy relations and further liberalization of the economy, a new form of responsibility – financial responsibility – has emerged in our country.

We can see that in various scientific literature, scientific research, the term “financial penalties” is applied instead of the concept of financial sanctions.

Today, in Article 218 of the tax code of the Republic of

Uzbekistan adopted in the new edition, this concept has found its legal basis, and this article is called “financial sanctions”. Directly in accordance with this article, financial sanctions are a measure of responsibility for committing a tax offense.

Financial sanctions are determined in the amounts provided for in Chapters 28 and 29 of the Tax Code and are applied in the form of money collection (*fin*es).

The Tax Code of the Republic of Uzbekistan introduced the concept of “tax offense”, and the content of the above concept was further clarified. That is, the concept of “violation of tax legislation” by its essence expresses a much broader content than the concept of “tax offense” and can represent all forms of legal responsibility. We can recognize that “tax offense” is part of “tax law violation”.

In the scientific literature, there are different scientific and theoretical views on the issue of the legal nature of financial responsibility for violating the tax legislation. A group of foreign law scholars have shown financial responsibility as a form of administrative responsibility. Some of them expressed financial responsibility as an independent form of legal responsibility<sup>[17]</sup>.

E.T.Khojiev in this concept, that is, financial responsibility is an independent measure of state coercion determined on the basis of financial legal rules. Financial responsibility is one of the responsibilities arising in the system of legal responsibility<sup>[18]</sup>.

Also, R.T.Berdiyarov and Z.N.Kurbonov in turn expressed their opinion on this concept, including that financial responsibility is a separate measure of state coercion, a type of legal responsibility applied in the process of regulating and controlling tax relations, relations arising in the formation and execution of the budget<sup>[19]</sup>.

So it follows from this that we can note that our national scientists recognized that this type of responsibility is a directly separate type of legal responsibility.

Acknowledging the opinions expressed by our foreign and national scientists regarding this concept, it is appropriate that it is a special independent type of legal responsibility.

Based on the opinions of the above law scholars, we present the following features of financial responsibility:

- firstly, financial responsibility – arises as a result of violation of financial and legal rules
- secondly, established by the state and applied by authorized state bodies (officials)
- thirdly, financial sanctions (*fin*es and *pen*ances) are provided for this type of responsibility.
- fourthly, punishment for this type of responsibility is carried out procedurally.

One of the measures to ensure financial responsibility is financial sanctions. A number of scientists and specialists have focussed on this issue in their research and scientific research in order to reveal the essence and legal nature of financial sanctions.

In particular, according to Y. A. Kroxina, “Financial-legal sanctions are an element of financial-legal rules expressed in the disposition of financial-legal rules, applied in a special procedural manner due to non-fulfillment or non-compliance with financial obligations”<sup>[20]</sup>. As an element of financial and legal rules, the scientist considers the negative consequences resulting from failure to fulfill financial obligations or non-compliance with them.

M. Mamasiddikov believes that “financial sanction – a mandatory structural element of the legal rule of financial responsibility, which includes the measure and scope of

financial responsibility, is applied by the competent authority (the court) in the event of financial violations, has the property and nature of non-property influence on the offender, should be understood <sup>[21]</sup>. E.Khojiev believes that financial and legal sanctions are an integral part of the financial responsibility, defining the scope of financial responsibility (its size and measures). They are considered one of the means of regulating financial legal relationships and are applied by authorized state bodies or officials when a financial offense is committed <sup>[22]</sup>.

Analyzing the opinions of the above law scholars and relying on them, we can cite the following signs of financial sanctions.

- as an element of financial and legal rules and is a measure to ensure financial responsibility arising from non-fulfillment of relevant financial obligations;
- applied to legal entities and individuals by authorized state bodies or officials;
- application of these measures is carried out in procedural order;
- expressed in the form of money collection (fines);
- applied to cases of violations of the law in financial and economic activity;
- it is applied to ensure the financial interests of the state, to compensate for damage caapplied to budget and extra-budgetary funds.

Accordingly, we can define this concept as follows, that financial sanctions are a measure of financial and legal responsibility, a state coercive measure applied in procedural order by a competent public authority or official in relation to the offender for an offense committed as a result of a violation of financial and legal rules that include the sphere of financial interests of the state. Its scope, in turn, is related to the features of the financial sphere, that is, budget formation and execution, money circulation, banking, taxation, currency regulation and other relations.

It should be noted that financial sanctions have a significant impact on business entities' compliance with laws and consumer rights.

In the Tax Code of the Republic of Uzbekistan, it is important for taxpayers, law enforcement practice and the tax system to clarify the concept of a tax offense, which is considered the only factual basis for the application of financial sanctions.

In the Republic of Uzbekistan, issues of applying financial sanctions for tax violations are being improved and developed.

In accordance with the Decree of the President of the Republic of Uzbekistan No. PF-3619, June 14, 2005 "On measures to further improve the system of legal protection of business entities", starting from July 1, 2005, legal measures against business entities, in particular, financial sanctions the procedure of application through the court was introduced.

However, it is established that adding a penalty for missing the deadline for paying taxes and compulsory payments, as well as cases where the business entity has confessed to the crime and voluntary payment of financial fines are exceptions.

According to the ruling of the Namangan Interdistrict Economic Court, July 25, 2022, based on the claim of the State Tax Administration, S.D. LLC was found to have incurred a debtor's debt of \$500,000 as of October 28, 2021.

As the demands for the elimination of the debtor's debt were ignored and the debt was delayed for a period of 180 to 360 days, a financial penalty of 20%, amounting to 558,243,000 UZS, was imposed <sup>[28]</sup>.

Tax violations are usually detected during the audit of business activities. According to the current legislation, the actions identified during the inspection, which can be assessed as a violation, must go through a number of instances in order to be recognized as a violation in accordance with the law. We can recognize the stage of resolving the dispute before the court as one of such instances. However, this institute is working slowly.

For instance, "During the first quarter of 2022, a total of 128 complaints of 230.4 billion soums of tax authorities made on the results of mobile tax inspections and tax audits were considered in the prescribed manner, and 29 (23%) of 27.0 billion soums the position of the taxpayer is satisfied in the appeal. In addition, the decisions of the state tax service authorities on 80 (64%) appeals worth 47.4 billion soums were upheld" <sup>[29]</sup>. These cases indicate the need for an explanation by the Supreme Court based on the decision of the Plenum. Our proposals in this regard are expressed in the concluding part of the work.

In order to recognize a violation committed by a person as a criminal act in the legislation and to determine the punishment for it, the establishment of tools that help in ensuring the impartiality, objectivity and legality of the person, in the protection of the rights and freedoms of the person, in the prevention of arbitrary actions that unfairly limit the rights, as well as in the developing market economy of entrepreneurs is important in creating an environment that protects their rights.

The procedure for settling the dispute before the court for tax offenses is established in the Tax Code and other normative legal acts. The introduction of the procedure for the review of materials with the participation of the taxpayer gives the taxpayer the opportunity to protect his rights, to realize his mistakes, and to fully prepare for the defense of his rights in court if the taxpayer is dissatisfied with the decision of the tax authority.

According to Article 167 of the Tax Code, after issuing a decision to hold a natural person who is not an individual entrepreneur responsible for committing a tax offense, the relevant tax authority applies to the court with an application to impose financial sanctions on this person, as defined in the Tax Code. In cases where the out-of-court procedure for collecting financial sanctions is not allowed, the same procedure for applying financial sanctions is applied.

Before applying to the court, the tax authority must offer in writing to the person who is held responsible for committing a tax offense to pay the appropriate amount of the financial sanction at his own discretion.

In necessary cases, the tax authority may send a request to the court to secure the application in accordance with the procedure established by law, along with filing an application to collect a financial sanction from the person who is held responsible for committing a tax offense.

According to Article 168 of the Tax Code, the issues of consideration of cases on collection of financial sanctions and execution of decisions are described. According to the decisions of the tax authorities providing for the application of financial sanctions against legal entities and individual entrepreneurs, the recovery of the amounts of financial

sanctions is carried out independently by the tax authorities in accordance with the procedure provided for in Articles 120-124 of the Tax Code <sup>[30]</sup>.

According to the application of the tax authorities, the cases of levying financial sanctions against natural persons who are not individual entrepreneurs are considered by the court. The execution of the legally binding decisions of the courts on the collection of financial sanctions shall be carried out in accordance with the procedure established by law <sup>[31]</sup>.

In recent years, the number of court cases has been increasing. For instance, if the number of complaints heard in the court in the first quarter of 2022 is shown above, in July 2022, a total of 48 complaints related to tax disputes worth 731.9 million soums were received, and all of them were considered in the prescribed manner. In particular, complaints were considered in cooperation with representatives of the taxpayer, and the position of the taxpayer was satisfied in 16 appeals worth 241.5 million soums. Also, the decisions of the state tax service authorities on 32 appeals worth 167.9 million soums were upheld and explanations were given in the prescribed manner <sup>[32]</sup>.

Thus, the financial sanctions specified in the current legislation of the Republic of Uzbekistan have the following characteristics:

- is a measure of ensuring financial responsibility;
- it is determined only against business entities (legal entities and individual entrepreneurs) for the offense committed by them in connection with their business activities;
- applied only by the court (except for cases of voluntary payment by the business entity);
- applied in the form of money collection (fines).

It should be noted that financial sanctions have a significant impact on business entities' compliance with laws and consumer rights. That is, some of their leaders see it as a measure to prevent disrespect for the law and eliminate feelings of propensity to commit offenses.

However, in law enforcement practice, relatively negative circumstances also began to manifest themselves in the process of applying financial sanctions. For instance, the inspections carried out by the authorities of the state tax service in some cases do not involve the objectors, even in the case where the objectors are involved, they are a minor citizen, in addition, the participation of the same citizen in successive tax inspections, applications for the application of financial fines in some cases are signed by persons whose career position, also, violations of the rules and procedure of verification by certain hos when checking the subject of entrepreneurial activity by regulatory bodies form the basis for rejecting an application for financial sanction.

If we pay attention to the statistical data, in May 2022, 179.8 billion soums were collected from tax audits, 516.6 billion soums from chamber tax inspections, and 29.0 billion soums from mobile tax inspections. 7,474 mobile tax audits were completed based on the appeals received and 29.0 billion soums of financial fines were collected <sup>[33]</sup>.

If we pay attention to the financial sanctions specified in the Tax Code, we can distinguish fines according to their specific characteristics.

Financial sanctions applied in the sphere of taxation differ from sanctions applied in other areas of financial law.

Firstly, the financial sanctions applied in the tax sector are manifested only in the form of extortion;

Second, financial sanctions are applied only in the judicial procedure (with the exception of the calculation of fines for late payment of taxes and fees, as well as cases where the taxpayer has admitted his guilt and voluntarily paid the fine);

Thirdly, non-uniform application of financial sanctions to persons who commit tax offenses, i.e. subjects of tax law;

Fourthly, exemption from fines in case of voluntary payment of amounts by persons subject to financial sanctions.

In the event that the applied financial sanction is disproportionate to the consequences of the offense, mitigating circumstances are found, as well as taking into account the financial situation of the offender, the court may impose a fine less than the minimum level of the financial sanction provided for in Chapter 28 of the Tax Code, but not less than 25% of the minimum amount of the specified sanction, reasons and has the right to impose a financial sanction, necessarily indicating the grounds.

### **We will analyze each of the financial sanctions**

A fine is a sanction that is paid for committing an offense and is calculated in a monetary amount determined by the rules. Also, the penal form of financial sanction has the following forms, that is, a fixed sanction.

We can also divide strictly defined sanctions into relative strict sanctions. Tax offenses and the amount of responsibility and sanctions for committing them are specified in detail in Chapter 28 of the Tax Code.

For instance, in case of violation by the taxpayer of the established procedure of recording value added tax in the tax authorities as a taxpayer in accordance with Article 219 of the Tax Code, in the amount of five percent of the income received during the period from the date of recording provided for in the tax legislation to the date of actual recording, but less than five million soums will result in the imposition of a fine <sup>[34]</sup>.

Another form of fine sanction is proportional sanction. In this case, the amount of the fine sanction is proportional to the offense committed. For instance, according to Article 226 of the Tax Code, non-payment or incomplete payment of tax amounts by the taxpayer as a result of the application of commercial and (or) financial conditions that cannot be compared with the commercial and (or) financial conditions of transactions between independent persons for the purpose of taxation in controlled transactions, unpaid tax causes a fine in the amount of forty percent of the amount.

Also, we can divide the fine sanction into a sanction determined as a percentage depending on the amount of the offense committed. In particular, the sanctions provided for in Articles 219 (in part), 223, 224, 225, 226 and 227 of the Tax Code are specified in percentages.

For instance, according to Article 223 of the Tax Code, concealment (understatement) of the tax base is a reason for imposing a fine of twenty percent of the sum of the hidden (understated) tax base.

Another form of a fine sanction is a relative specific sanction. That is, according to Article 221 of the Tax Code, the use by a taxpayer of payment terminals registered in the name of other persons will result in a fine of twenty million soums. Another example is the use of check-cashing equipment that does not comply with technical requirements or the service program is broken, which causes a fine of twenty million soums.

As we mentioned, another form of financial sanctions is a penance.

Penance – The amount of money that the taxpayer must pay in case of violation of the tax payment deadline established by the tax legislation is a penalty, that is, an interest sanction. For instance, penalties for each day of delay are determined as percentages based on the unpaid amount of tax.

The interest rate of the loan is considered equal to one three hundredth of the current refinancing rate of the Central Bank of the Republic of Uzbekistan. Penances are paid to the relevant tax budget (state trust fund).

One of the measures to ensure financial responsibility is financial sanctions. A number of scientists and specialists have focussed on this issue in their research and scientific research in order to reveal the essence and legal nature of financial sanctions.

The Tax Code of the Republic of Uzbekistan establishes rules on financial sanctions and the procedure for their application, according to which financial sanctions are the responsibility for committing a tax offense and are applied in the form of collection of money (fines) in specified amounts<sup>[36]</sup>.

Financial sanctions established by the current legislation of the Republic of Uzbekistan have the following characteristics.

- is a measure of ensuring financial responsibility;
- determined for the offense committed in connection with business activity;
- applied in the form of money collection (fine).

It should be noted that financial sanctions have a significant impact on business entities' compliance with laws and consumer rights. That is, some of their leaders see it as a measure to prevent disrespect for the law and eliminate feelings of propensity to commit offenses. However, in the practice of law enforcement, in the process of applying financial sanctions, relatively negative situations began to appear.

Today, in our country, which is on the path of building a democratic state, it is important to further improve the tax policy and liberalize the current legislation in the implementation of consistent reforms based on market relations, in this, first of all, it is important to develop the deep scientific and conceptual foundations of the system of financial responsibility for the violation of tax discipline and to introduce it into the legislation.

#### 4. Conclusion

Accordingly, the following proposal and recommendations are made for scientific research of the system of financial responsibility for violation of tax discipline and further improvement of the current legislation based on the tasks of modernization and reform of the country, deepening of economic liberalization processes.

Firstly, tax relations are regulated by a number of laws in our country, and non-compliance with them creates the concept of a tax offense and responsibility for it. Article 210 of the Tax Code of the Republic of Uzbekistan defines the concept of tax offense, and it, in turn, is the factual basis of tax responsibility. However, its legal content is not provided in the current Tax Code.

*In our opinion, it should be defined in the following way in the current code. That is, a tax offense is a culpable illegal*

act (action or inaction) committed as a result of intent or carelessness, for which financial sanctions are provided as a result of the violation of tax legislations by the participants of tax relations.

Secondly, In order to reduce the human factor in conducting cases on tax violations, ensure its transparency and prevent corruption, violations related to failure to submit tax reports are detected through the information systems of the Tax Committee, and tax authorities in a simplified manner electronically (issuing electronic decisions and sending to the taxpayer's personal office submission) review system should be introduced.

According to a survey conducted, “how accurate is it that the statistics on the Tax Investigation are disclosed on the official site?”, 22% of respondents answered that disclosure is incorrect, contrary to tax secrecy, 19.3% of disclosure is correct, taxpayers' right to access information, 36.5% of disclosure is correct, ensures transparency in the activities of tax authorities, 22% of disclosure is correct, ensures tax discipline of taxpayers<sup>[37]</sup>.

Thirdly, in our opinion, it is appropriate to include the following rule defining the concept of financial and economic activity in Article 60 of the Tax Code of the Republic of Uzbekistan (other concepts applied in this Code).

#### “Article 60. Definitions of terms applied in the Code

“The term “financial and economic activity” means the activity of enterprises providing services related to production of products, execution of work, accounting and finance, accounting and documentation of goods”.

Fourthly, to introduce Article 210<sup>1</sup> called “Forms of Guilt” into the Tax Code and specify in this Article whether the offense was committed intentionally or recklessly.

#### **In short, we believe that the following are the characteristics of financial responsibility for tax violations:**

- appropriate responsibility measures are applied equally to everyone;
- the application of appropriate responsibility to them is aimed at ensuring the stability of the legislation of the sector, as well as compliance with the discipline of paying taxes;
- measures of state coercion in the established procedure for appropriate responsibility are applied by specially authorized state bodies and their officials or by the court;
- the main goal of state coercive measures established for appropriate responsibility is to ensure strict compliance with tax legislation, full and timely payment of taxes and fees to the state budget and designated target funds;
- that the main procedure for the application of state coercive measures for the relevant responsibility is defined in the administrative and criminal-procedural rules, etc.

When determining the guilt of a person who has committed a tax offense, taking into account all the circumstances established by law ensures that responsibility is more fair. But in the current tax legislation, there is no rule regarding the features of determining guilt, including its forms. That is, in order for an act to be recognized as a crime, it must be guilty. Guilt, in turn, consists of forms such as intent and

carelessness. This is the main tool in assessing the issue of guilt of the subject of the offense.

Based on this, we believe that it is necessary to include in the Tax Code a rule that determines whether the act is committed as a result of intent or carelessness. Only then would the measure of responsibility for tax offenses be applied more fairly. After all, the principle of justice is the main criterion of our legislation.

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