

# Development of new scientific and methodological approaches to the process of tax control under transfer pricing

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## ABSTRACT

The article deals with the development of new scientific and methodological approaches to the process of tax control in transfer pricing for the implementation of a comprehensive state tax policy. Proper formation of a transfer pricing system will allow acquiring the necessary control over the process, developing operational solutions, identifying opportunities, deviations and trends in relation to individual transactions and larger transactions for them.

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# Transfer narxlarining soliq nazorati jarayonida yangi ilmiy-metodologik yondashuvlarini ishlab chiqish

## ANNOTATSIYA

### Kalit so'zlar:

iqtisodiy beqarorlik,  
mobilizatsiya,  
nazorat qilinadigan  
operatsiyalar,  
soliq imtiyozlari,  
transfer narxlari.

Maqolada kompleks davlat soliq siyosatini amalga oshirish uchun transfer narxlarida soliq nazorati jarayoniga yangi ilmiy-uslubiy yondashuvlarni ishlab chiqish haqida so'z boradi. Transfer bahosini shakllantirish tizimini to'g'ri namoyon qilish jarayon ustidan zarur nazoratni olish, tezkor yechimlarni ishlab chiqish, individual operatsiyalar va ular uchun kattaroq operatsiyalarga nisbatan imkoniyatlar, og'ishlar va tendensiyalarni aniqlash imkonini beradi.

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# Разработки новых научно-методологических подходов к процессу налогового контроля при трансфертном ценообразовании

## АННОТАЦИЯ

### Ключевые слова:

экономическая  
нестабильность,  
мобилизация,  
контролируемые сделки,  
налоговые льготы,  
трансфертное  
ценообразование.

В статье рассмотрены вопросы разработки новых научно-методологических подходов к процессу налогового контроля при трансфертном ценообразовании по реализации комплексной государственной налоговой политики. Грамотное формирование системы трансфертного ценообразования позволит приобрести необходимый контроль над процессом, разработать оперативные решения, выявить возможности, отклонения и тренды в отношении отдельных транзакций и более крупных операций по ним.

## INTRODUCTION

To ensure the socio-economic development of the state in modern conditions of economic instability, it is necessary to implement a comprehensive state tax policy, one of the urgent tasks of which is the need to develop new scientific and methodological approaches to the process of tax control as a mechanism for mobilizing budget revenues at all levels.

Tax control is the activity of authorized bodies to control compliance by taxpayers, tax agents and payers of fees with the legislation on taxes and fees in the manner established by the Tax Code of the Republic of Uzbekistan [1].

In general, the activities of the tax authorities should be focused on creating a perfect taxation system and achieving a level of tax discipline that excludes or minimizes violations of tax laws. Thus, tax control should be aimed at preventing tax evasion, as well as at identifying and withdrawing arrears in taxes and fees to the budget system.

From January 1, 2022, the provisions of Section VI "Tax control in transfer pricing" of the Tax Code of the Republic of Uzbekistan (hereinafter – "TC RUZ") come into force.

## LITERATURE REVIEW

In modern economic literature, there are many works devoted to various aspects of transfer pricing, the totality of which can be divided into two groups.

The first group of studies includes purely theoretical works devoted to the analysis of the use of transfer prices in the system of intercompany relations. The work of this group is mainly devoted to modeling company structures in order to identify universal dependencies between the level of transfer prices, allowing to maximize the total profit, and various internal and external factors. The most striking are the works of such foreign economists as J. Hirschleifer, R. Vansil, R. Kaplan, D. Dietman, S. Emmanuel, L. Eden, T. Itagaki, G. Holstrum, I. Sauls, S. Tisdell, Dreben A., Edward J. et al. The main advantage of these studies is the consideration of many factors that may affect transfer pricing. In later theoretical works, conclusions are drawn on the basis of complex mathematical calculations with the introduction of a large number of restrictions and simplifying assumptions. However, often these studies do not refer to empirical data at all.

The second group of works on transfer pricing includes empirical studies of the application of various transfer pricing methods, in which conclusions are drawn based on the analysis of data obtained by questioning companies. Among the empirical works, the works of such foreign researchers as Eccles R., Spicer B., Adler R., Dean J., Borkowski S., Grannotover M., Thompson J. can be especially distinguished. Basically, this group of researchers was engaged in identifying groups of factors affecting choice of transfer pricing method.

Despite the obvious relevance of the problem of transfer pricing, in the domestic literature there are only a few examples of fundamental studies that consider transfer prices as one of the tools to increase the efficiency of the intra-company mechanism. As an example, we can cite the works of N.I. Mnogolet, A.A. Porokhovsky, V.Yu. Pashkus, A.S. Pleshchinsky, A.A. Zaikin, D. Kasatkin

At the same time, most other domestic researchers are interested in transfer pricing in the light of the problems of tax optimization using intra-company settlement prices without conducting the necessary, in the author's opinion, comprehensive analysis, including both the study of the nature of transfer pricing, the scope of its distribution, and state regulation in this area. directly affecting the practice of application.

It should be noted that the problem of establishing intra-company prices is closest to the range of issues of the theory of transaction costs, however, in the latter there is insufficient knowledge of the nature.

### **RESEARCH METHODOLOGY**

To achieve the goal of the study, the following general scientific methods were applied: observation, analysis, synthesis, comparison, historical method, grouping, induction, deduction. In addition, the author used special scientific methods of micro- and macroanalysis, economic-statistical and graphical methods.

### **METHODS AND ANALYZING**

All transactions between related parties are controlled for transfer price regulation. In this case, the tax authorities have the right to compare the prices applied by the taxpayers with the market prices and to charge additional taxes in case of deviations from the market prices.

Transfer price is a price that is formed in transactions between related parties and (or) differs from an objectively formed price that would be applied in comparable economic conditions in transactions between independent parties.

The grounds for recognizing persons as related for tax purposes are given in Article 37 of the Tax Code of the Republic of Uzbekistan.

Chapter 21 of the Tax Code of the Republic of Uzbekistan specifies the criteria for recognizing transactions as controlled for tax purposes, a brief description of which, indicating threshold values for the amount of income for the corresponding calendar year, is presented in the table below:

**Table 1.**

**Controlled transactions between residents of the Republic of Uzbekistan for the application of benefits and proper accounting [2].**

Controlled transactions	Annual turnover limits for recognizing a transaction as controlled
<b>Transactions between residents of the Republic of Uzbekistan</b>	
Transactions between related parties	5 billion soums (approximately 406 thousand euros)
Transactions between related parties in which at least one of the parties to the transaction applies a special tax regime or is a member of a special economic zone*	500 million soums (approximately 40 thousand euros)
Transactions between related parties in which at least one of the parties to the transaction is exempt from paying income tax, applies a reduced tax rate or other tax benefits**	500 million soums (approximately 40 thousand euros)
<b>Foreign trade transactions</b>	
Transactions with foreign related parties	no threshold
Transactions in the field of foreign trade in goods of world exchange trade with foreign independent persons	no threshold
Transactions of all payers with residents of offshore zones	no threshold

*\*At the same time, among the other parties to this transaction there is a person who does not apply special tax regimes*

*\*\* At the same time, among the other parties to this transaction there is a person who is not exempt from paying such a tax and does not apply benefits*

With the introduction of tax control on transfer pricing, taxpayers are required to submit notifications of controlled transactions to the tax authorities in the prescribed form. This notice must be provided to the tax authorities no later than the deadline for submitting annual financial statements for the calendar year in which controlled transactions were made. The content of the notification of controlled transactions must comply with the requirements of Article 182 of the Tax Code of the Republic of Uzbekistan. The notification must be submitted in the form and in the manner approved by the State Tax Committee of the Republic of Uzbekistan in agreement with the Ministry of Finance of the Republic of Uzbekistan.

In the event that the tax authorities request documentation on transfer pricing of a controlled transaction, taxpayers are required to provide documentation in accordance with the requirements of Article 193 of the Tax Code of the Republic of Uzbekistan within 30 calendar days from the date of the request.

Penalties for non-payment or incomplete payment of taxes in the Republic of Uzbekistan as a result of the application of tax control measures for shopping centers are set at 40% of the unpaid tax amount.

In connection with the above, when concluding controlled transactions with related parties, it is necessary to comply with the transfer price formation rules, which should be set at a level that maximizes the Bank's profit, as well as comply with tax legislation [3].

Increasing tax attention to company-to-company transactions, as well as the complexity of legislation in various jurisdictions, make transfer pricing for international companies one of the most important issues in risk management [4].

### **CONCLUSION**

The provision of transfer pricing services is ranked first in the region and is well positioned to assist companies in the process of planning a transfer pricing strategy and preparing documentation, as well as assisting in the conclusion of preliminary pricing agreements or in resolving possible disputes.

Companies' tax departments often encounter conflicting transfer pricing data from their departments. This can significantly complicate business operations, increase workload, and potentially lead to problems at the end of the quarter or year when submitting reports that distort information.

If banks or companies carry out large intra-group transactions, face inconsistent or unpredictable transfer pricing results that impose complex information search requirements or make it difficult to predict the effective tax rate, the developed methodology that we propose to introduce new tools and processes for the ERP system.

During the study, we developed a program that is structured, platform independent and provides the ability to effectively manage transfer pricing systems, providing maximum business benefits and minimizing risks.

Proper formation of a transfer pricing system will allow you to acquire the necessary control over the process, develop operational decisions, identify opportunities, deviations and trends in relation to individual transactions and larger transfer pricing operations.

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