



ON THE REGULATION ON THE PROCEDURE FOR APPLYING TAX BENEFITS ON PROFIT TAX

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According to the decision of the Ministry of Finance of the Republic of Uzbekistan, the management of the Central Bank and the State Tax Committee, "The procedure for applying tax benefits on profit tax received from legal entities by commercial banks depending on the share of long-term investment financing in the loan portfolio is correct. "On" was approved.

In accordance with this regulation, until January 1, 2020, commercial banks will pay profit tax from legal entities at differentiated rates depending on the share of long-term investment financing in the loan portfolio. Long-term investment financing means investment loans and leasing services provided for a period of not less than three years, including funds directed by banks to the assets of companies established on the basis of production enterprises. The procedure for applying benefits is defined in the regulation. According to it, branches that are independent taxpayers independently determine the share of long-term investment financing.

The corporate income tax rate is differentiated according to the share of long-term investment financing in the loan portfolio. In particular, when financing is between 35% and 40%, its rate is 80% of the specified rate, when it is between 40% and 50%, it is 75%, and when it is above 50%, it is 70%. In case of premature termination of investment loan or leasing services provided for a period of not less than three years, the said loan or leasing services shall be considered as long-term investment for the purposes of this Regulation.

The preferential rate of corporate profit tax is applied to the taxable base for corporate profit tax based on Article 128 of the Tax Code. In order to apply the benefits, commercial banks must submit to the state tax service authorities the profit tax from legal entities at the end of the reporting year, as well as the calculations of the beautification and social infrastructure development tax, as well as the share of long-term investment financing in the loan portfolio. -presents a reference book. Control over the correct use of tax benefits is carried out by state tax authorities.

The following are recognized as taxpayers of profit tax:

- 1) legal entities that are tax residents of the Republic of Uzbekistan;
- 2) Legal entities that are non-residents of the Republic of Uzbekistan, as well as foreign entities that do not have a legal entity and carry out activities in the Republic of Uzbekistan through permanent establishments;
- 3) legal entities that are non-residents of the Republic of Uzbekistan receiving income from sources in the Republic of Uzbekistan;
- 4) legal entities that are responsible participants of the consolidated group of taxpayers;
- 5) individual entrepreneurs whose income from the sale of goods (services) during the tax period exceeds one billion soums or who have voluntarily switched to paying profit tax;
- 6) trustee of the ordinary partnership for the activities carried out within the framework of the partnership agreement (agreement on joint activities).



Reference

1. Regulation on the procedure for applying tax credits on profit tax
2. TAX CODE OF THE REPUBLIC OF UZBEKISTAN (new version) 01.01.2024