



Taxation in Uzbekistan's Companies-Accounting Practices, Compliance, and Strategic Implications

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This research contends that the evolving tax regime in Uzbekistan has fundamentally reshaped the accounting practices, compliance strategies, and financial reporting of companies operating within the country. The complexity and dynamism of Uzbekistan's tax laws-including recent reforms in corporate income tax (CIT) rates, turnover taxes, and the introduction of risk-based tax audit mechanisms-demand that companies implement robust, adaptive accounting systems and proactive tax planning. Empirical evidence and professional practice reveal that companies able to align their accounting policies with the nuances of Uzbek tax legislation not only ensure compliance and minimize fiscal risk but also gain a competitive advantage through optimized tax burdens and enhanced financial transparency. The study further argues that the convergence of tax accounting and financial reporting, supported by digitalization and professional advisory services, is crucial for sustainable business growth and for meeting the increasing expectations of regulators and stakeholders in Uzbekistan's rapidly developing economy.

Supporting Arguments

1. The Structure and Evolution of Corporate Taxation in Uzbekistan

Uzbekistan's tax system has undergone significant reforms, particularly in the area of corporate income tax (CIT). As of 2025, the general CIT rate is 15% for most enterprises, with higher rates (20%) applied to sectors such as banking, cement, and telecommunications. The turnover tax, ranging from 1% to 25% depending on the entity and services, and the abolition of the 0% CIT rate for exports, further complicate the tax landscape for companies. These changes require companies to regularly update their accounting policies and systems to ensure accurate calculation of taxable profit, proper recognition of deductible expenses, and timely compliance with shifting legislative requirements.

2. Tax Accounting and Compliance: Practical Requirements

Companies in Uzbekistan must develop tax policies tailored to their industry, maintain detailed tax registers, and prepare comprehensive tax reports-including



CIT, VAT, payroll taxes, and property taxes-to be submitted to authorities in strict accordance with statutory deadlines. The accounting process involves not only the calculation of tax bases but also the preparation of primary documents, maintenance of purchase and sales books, and reconciliation of settlements with employees, non-residents, and the state budget. Errors or delays in these processes can result in significant financial penalties, making meticulous tax accounting and reporting a strategic imperative for Uzbek companies.

3. Tax Audit and Risk Management

The introduction of a risk-based tax audit system in Uzbekistan has shifted the focus of tax authorities towards high-risk taxpayers, as determined by analysis of financial and tax reports, information from other state bodies, and specific risk criteria. Companies are now categorized into risk groups-high (red), average (yellow), and low (green)-with audit frequency and intensity varying accordingly. This system incentivizes companies to strengthen their internal controls, ensure the accuracy of their tax filings, and proactively address potential areas of non-compliance to avoid the reputational and financial risks associated with tax audits.

4. The Role of Professional Advisory and Digitalization

Given the sophistication and frequent changes in Uzbek tax legislation, many companies rely on professional accounting and tax advisory firms for compliance, tax planning, and reporting. These services include the development of customized accounting policies, contract reviews, international tax consulting, and the implementation of digital accounting systems that facilitate timely and accurate reporting. Digitalization, in particular, has enabled companies to streamline their tax processes, improve data transparency, and respond more effectively to regulatory changes.

5. Strategic Implications and Competitive Advantage

Beyond compliance, effective tax accounting allows companies to optimize their tax liabilities through the legitimate use of incentives, loss carry-forwards, and careful structuring of transactions. Firms that invest in advanced accounting systems and ongoing staff training are better positioned to navigate legislative changes, minimize fiscal risk, and allocate resources more efficiently. This not only supports financial sustainability but also enhances stakeholder confidence in the company's governance and reporting practices.

Conclusion

The research demonstrates that taxation is not merely a compliance function but a strategic domain in Uzbekistan's corporate sector. Companies that successfully



integrate tax planning with accounting practices, supported by digital tools and professional expertise, are able to adapt to regulatory changes, reduce risks, and achieve sustainable growth. As Uzbekistan continues to modernize its tax administration and align with international standards, the role of accounting in corporate taxation will become even more central to business success.

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