

SYSTEM OF TAXATION OF EXPORT OPERATIONS

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Abstract: *As far as we know, taxation of export-import operations is considered to be an indivisible part of the national system of taxation and it promotes improvement of the sustainable development of the foreign economic activities. The system of taxation of export-import operations has its own peculiarities and is considered to be the main process of enhancing export-import activities in our republic. Thus this article is devoted to the taxation of export activities of our country.*

Key words: *Export, foreign trade, tax free, tax privilege, indirect taxes, value added tax.*

Introduction. It should be noted that nowadays it is impossible to imagine any activity at the current stage of the country's development without foreign economic relations. This process is particularly evident in practice of all countries, in particular, in the developed countries. As the President of the Republic of Uzbekistan Sh.M.Mirziyoyev has noted "It is necessary to mention the great opportunities and resources that have not been attracted in the foreign economic sphere yet. In this regard, we will continue to expand trade and economic relations with Central Asian countries and our major partners, such as China, Russia, South Korea, the United States, Turkey and the European Union"(Mirziyoyev, 2018).

In the regard, under circumstances of the economy diversification, further improvement of the tax policy and accounting system plays a crucial role in the implementation of export-import operations. Indeed, performers of export-import operations are more likely to benefit from the optimal tax incentives provided for export operations. In particular, the provision of tax incentives for export operations ensures receiving an active and stable income. In particular, the provision of tax incentives for export transactions ensures an active and stable income. The tax system plays a significant role in the implementation of export-

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import operations. Taxation is one of the most important elements of market relations. Thus this article deals with the theoretical aspects of taxation of export operations, which constitute the basis of foreign economic relations, and their analysis of the nature of their properties.

Literature review.

As it is known, Article 5 of the Customs Code of the Republic of Uzbekistan states that “The customs regime of export is a kind of regime where Uzbek goods are exported out of the customs territory without the obligation of their return” (Code, 2016). As it is obvious from the definition, export is the outflow of goods, services and products from the territory of the country. Moreover, export plays a particular role in the economy of the country.

All forms of foreign economic relations have been shaped and developed as a result of foreign trade development. Foreign trade is import (export) of goods and services into and out of the country and is the basis of international economic relations (Sharipov, 2008).

Research methodology. Our research is dedicated to the system of taxation in which the conclusions and recommendations have been developed on the basis of the comparison methods of practical materials and statistics.

Analysis and results.

In the recent years the share of exported goods is sharply rising in achieving a huge increase of the export volumes. The goods and services manufactured in the country are purchased by developed countries of the world.

It is well known that tariff and non-tariff systems which are recognized and appreciated throughout the world are used in practice to regulate foreign economic activities. Taxes are considered to be the most efficient means of the tariff system. Taxes levied on the export-import operations are indirect taxes by their nature. Developing an efficient mechanism of taxation of goods, works and services has its inherent peculiarities in accounting of exported goods, works and services.

Indirect taxes are added to the price of goods and services and finally a tax burden falls on the consumer. Therefore, taxpayers of indirect taxes spend their income on consuming goods and services. As it is well known, the VAT is one of the main objects in taxation while implementing export operations. Indirect taxes are determined as an addition to the price of goods (works, services). Taxpayers are interested in the value of the goods rather than the amount of indirect tax in the commodity composition, and buyers makes their own conclusions regarding this process. However, it is not the right approach to impose indirect taxes from the taxpayer. Another peculiarity of imposing taxes from export operations is the use of the value added tax at a zero rate.

Regarding this point, domestic scientists in economics conducted certain researches. In particular, K.R. Khotamov, Doctor of Economics, studied this issue in his scientific paper (Khotamov K., 2016). As the world experience illustrates, in some countries there are high tariffs and tax rates for export-import operations, and in some countries the situation is quite opposite. It should be noted that while researching foreign experience of taxation of export operations, the fact that each country has its own peculiar experience must be taken into consideration. In some countries of the world, exports of goods by individuals are applied at a zero interest rate and buyers are provided with certain tax privileges.

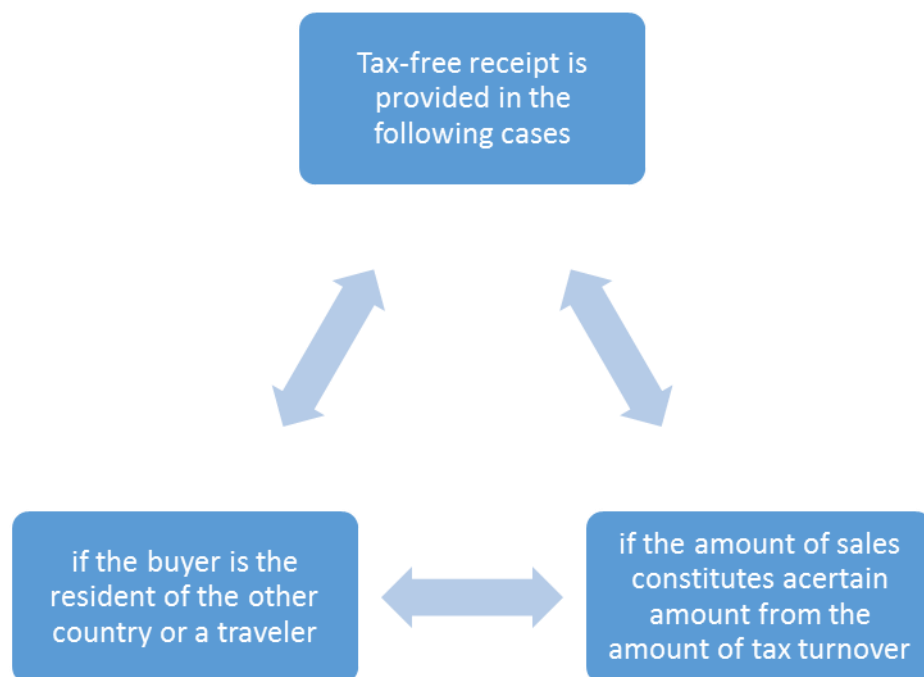
This process is called “**Tax free**” which is of English origin (“without tax or free”) and by its nature represents the system of refunding the Value Added Tax (VAT). It is an officially formalized system used when taking goods bought by the foreigners out of the country and represents the refund of the preferential tax amount. The amount of refund depends on the amount of purchased goods which hangs on the commission fee. Among over 130 countries in the world which use the VAT about 50 countries apply tax-free system through specially-established stores. In addition, in order to reimburse travel costs of legal entities such system

as “Business tax free” is applied. The first application of this system occurred in Sweden in 1960¹.



The process of implementing TAX free system

If a person – non-resident of the county has bought any goods at the sales point (store) which provides tax-free service, he (she) has the right for the VAT reimbursement. The process of the VAT reimbursement is implemented through the private objects acting as intermediaries between the government and travelers.



When a buyer or a traveler takes the goods bought outside the republic, he must submit tax-free receipt at the customs office.

A customs receipt is not approved in the following cases:

- if packed goods have been opened before customs clearance;

¹ <http://tisamsebegid.ru/info/vozvrat-taks-fri-tax-free>

- if the goods purchased do not comply with the data stated in the tax-free receipt;
- date of export of goods at the store, i.e. the date specified at the tax-free receipt (different countries have different periods or dates) is overdue;
- if the information contained in the tax customs declaration is the basis for doubting the data in the place of residence.

If the goods are not packed into the specially-designed packages, it is recommended to register tax-free at the shops (stores) themselves and thus have taxes reimbursed. If we analyze foreign experience regarding this practice, it is possible to make a conclusion that this process is implemented at the sales outlets of several countries.

The information on the application of tax-free in particular foreign countries²

№	Country	VAT (not-refunded amount)	Minimum amount of purchase	Expiry date of Tax Free Cheque	Expiry date of the customs stamp
1.	Australia	10 % (+14,5 % for wine)	300 AUS		
2.	Austria	20 % (10-12 %)	75.01 EUR	Has no expiration date	3 months
3.	Argentina	21 % (0-10,5 %)	70 peso (\$17)		6 months
4.	Belarus	20 %	80 BYN	During 3 months since the purchase date	6 months
5.	Bulgaria	20 %	100 lev	During 3 months since the purchase date	3 months
6.	Belgium	21 % (6-12 %)			3 months
7.	Great Britain	20 % (0-5 %)	25 GBP	During 3 months since the purchase date	3 months
8.	Hungary	27 % (5 %)			3 months
9.	Germany	19 % (7 %)	25 EUR	During 3 months since the purchase date	3 months
10.	Greece	23 % (3-13 %)			3 months
11.	Indonesia	10 %	500 000 rupee (\$55)		
12.	Spain	21 % (4-8 %)	90,15 EUR	Has no expiration date	3 months
13.	Italian	22 % (4-10 %)	154,94 EUR	During 3 months since the purchase date	3 months

² https://ru.wikipedia.org/wiki/Tax_free

14.	Latvia	21 % (12 %)			
15.	Luxembourg	17 % (3-14 %)			
16.	Poland	23 % (0-8 %)	200 PLN	During 4 months since the purchase date	3 months
17.	Republic of Korea	10 %	50 000 KRW (\$43)		3 months
18.	Singapore	7%	100 SGD		2 months
19.	Thailand	10 % (7 %)	2000 baht (\$66)		
20.	Turkey	18 % (1-8 %)			3 months
21.	Finland	24 % (10-14 %)	40 EUR	During 3 months since the purchase date	6 months
22.	France	20 % (2,1-10 %)	175,01 EUR	During 6 months since the purchase date	3 months (6 months)
23.	Czech Republic	21 % (15 %)	2001 CZK		3 months
24.	Switzerland	8 % (2,5-3,8 %)	300 CHF	During 1 month since the purchase date	30 days
25.	Sweden	25 % (0-12 %)			3 months
26.	Japan	8 %	10 001 Yen (\$119)		

This system is used to reimburse a total or a partial amount of tax to give tax privileges in the process of trading different goods in Poland. This process can be implemented on the spot and the amount of tax can be refunded at the shop (store) where these goods have been bought. Meanwhile, the operator services can be used for the refund of the amount of taxes. The results of these analyzes illustrate that both processes have their own advantages and disadvantages. In the first option, the main advantage is that 100% amount will be refunded to the amount specified on the checks. In this case, the information on the purchased goods and the cash register (receipt) will be attached to the buyer's passport data in the sales outlet.

This document differs from the peculiarities of the documentation provided in other shops, stores or sales outlets. The disadvantage of this process is that the buyer's refunds will only be made at the shop or store. If the buyer makes one-time purchase and is unable to return to this store, the refund term may expire. As it is mentioned above, the second option is to refund the tax amount with the help of a

tax agent who acts as an intermediary. This system is considered to be very useful for tourists who do not plan to go back to the shop. In this case, taxpayers or their partners may be able to have money refunded through the money remittance offices. When purchasing goods abroad and having acquired tax-free documents, refund can also be received from the bank-partner or a tourism agency which maintains partnership relations. Under such circumstances it is not necessary to come back to the shop or store where the purchase has been made. In addition, global operators provide their services at large customs offices, airports and large shopping centers.

Information about global operators is usually provided on operator's websites or in a brochure that is submitted with a tax-free receipt. However, the disadvantage of this process is that the operator charges commission for refunding tax privileges and this amount may constitute up to 40-45% of the tax amount charged. Such operators as Global Blue, Global Refund, Premier Tax Free and Cash Back perform their activities as the main global operators. Global Blue operates mainly at the sales outlets, shops and stores of Poland and is considered to be one of the companies engaged in the refund of the value added tax to tourists. Its head office is located in Switzerland. Herewith, the company operates in close cooperation with over 50 countries of the world, that's why it can be treated as the global operator which performs its activities through the banks of the countries³. Premier Tax Free system was established in Ireland in 1985 and in its performance it reports to The Fintrax Group⁴. Thus, if the sales outlet is cooperating with the tax office in terms of the tax refund, after the purchase has been made the buyer is provided with a special cheque containing the following information: the data on the product purchased, the passport personal details of the buyer and the cash receipt which specifies the amount of the tax-free and the amount of commissions charged⁵.

³ <http://shoppingpl.com/ru/post/14-kak-i-gde-vernut-denezhnye-sredstva-po-tax-free-global-blue>

⁴ <http://tisamsebegid.ru/info/vozvrat-taks-fri-tax-free>

⁵ <http://shoppingpl.com/ru/post/13-kakie-byvaiut-vidy-tax-free>

Moreover, neighboring Russia has accepted the resolution to provide travelers and tourists with tax privileges. Such a resolution adopted on November 28, 2017 is aimed at reducing the amount of the VAT charged. This resolution entered into force in January 2018. According to the resolution, the travelers and tourists can get a refund in the amount of up to 18% from the price of purchased goods.

In Australia the process of tax refund is implemented through so-called “Tourist Refund Scheme”. This system can be applied for tourists during the period of 60 days since the moment of their arrival in Australia. The minimum amount of the tax refund constitutes 300 USD.

It should be noted that tax operations are very significant in terms of their economic value. Tax operations in export companies are directly related to tax accounting and reporting. Application of zero tax rate when carrying out export activity by the accounting department involves a set of documents for making settlements. In this process it is recommended to work out the following document with the account of peculiarities in the taxation system applied in the process of export operations with goods and services.

Sample of proposed Tax Free Cheque

Forepart of the document

VAT refund form		Special code
		Number of cash cheque number
List of purchased goods	Quantity in pieces	
The VAT amount of purchased goods		
Value of goods excluding the VAT		
The amount refunded to the buyers		

The amount of refund to the buyer (in words)		
Last name, First name, Patronymic name		_____ Date of purchase and signature
Place of residence		
Passport number		

Back side of the document

For buyers and tourists Special document of the VAT refund		Postal code
Name of goods (full compliance with the cheque)	Amount (currency specified)	Quantity

Information on the buyer		Information of the sales outlet
First name according to the passport		
Las name according to the passport		
Passport number		
Address		
Identification number:		
_____ Buyer's signature		_____ signature of the salesman of the sales outlet
Rights of the parties		For Customs office notes (stamp, seal, etc.)
Obligations of the parties		

Conclusion

Meanwhile, the interests of the buyers should be taken into account in the process of promoting exports. Comprehensive support of the export-oriented activities facilitates economizing of currency reserves and their efficient use.

In respect of above-stated views and considerations we can draw the following conclusions:

- introduction of the tax-free system will promote a sharp increase of the flow of tourists and other foreign visitors to our country and accelerates the tourists' visits and tours;
- the fact that the products manufactured by the domestic producers are placed in the international markets supports volumes of exports to other countries;
- introduces additional tax incentives for export products in Uzbekistan and contributes to the development of foreign economic activity;

- operates as an efficient taxation mechanism to stimulate the development of export activities;

- assist economic entities to develop their production capacities and enhance their export potential. In addition, it contributes to maintaining currency receipts.

In conclusion it should be noted that availability a number of privileges aimed at stimulating export activity in the tax system serves as a major factor which encourages producers of the national goods to export their products.

Reference

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