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Annotation. This article discusses the theoretical foundations of the organization of audit in commercial banks. In particular, issues such as the purpose and objectives of the tax liability audit, the risks assessed in relation to tax liabilities and the auditor's actions in relation to them are discussed. It also proposes to improve the tax liability audit based on international auditing standards.

Keywords: taxes, fees, financial reporting, tax accounting, deferred tax liability, international standards on auditing.

Introduction

World experience shows that the effective functioning of the tax system is one of the most important factors ensuring stability in the economy. Commercial banks are among the economic entities that provide a large source of funds for the state budget through taxes and have a high responsibility as taxpayers. Banks are directly involved in all sectors of the economy by attracting financial resources, allocating loans, financing investments and providing settlement services. Therefore, the accuracy of their tax reports and reporting is of great importance for the transparency of the state financial system.

Tax accounting and auditing are an integral part of the activities of commercial banks. Tax auditing ensures the legality, reliability and transparency of tax accounting, prevents errors in calculations with the state budget, and reduces tax risks. Today, it is an urgent issue to organize tax audits based on the requirements of international standards, along with national legislation.

Literature review

In the works of Schneider (2005), Arens and Lobbeck (2007), tax audit is interpreted as an important branch of financial reporting audit. According to it, the tax audit assesses the correct accounting of tax information, compliance with legal requirements, and the accuracy of the tax base.

International auditing standards developed by IFAC and INTOSAI stipulate that tax audits should be conducted based on the principles of transparency, accountability, and legality. These standards emphasize the importance of tax audits, especially in strategic sectors such as the banking system.

J. Stiglitz (2015) in his book “Economics of the Public Sector” emphasizes that proper tax accounting in banking activities is crucial for the stability of public finances. According to him, tax audits strengthen trust between banks and state tax authorities, while preventing hidden transactions.

In his work “Taxes and Taxation” by VG Panskov, it is emphasized that the main task of tax audit in banks is to assess tax risks in advance and reduce them. In his opinion, auditors should not only check compliance with tax legislation, but also contribute to the effectiveness of the bank's tax policy.

LP Pavlova studies the relationship between accounting and tax audits in banks and shows the complexity of legislation and lack of skills of bank employees as the main reasons for errors and omissions in tax reporting. According to him, the tax audit is not only an inspection, but also serves as a mechanism for improving the skills of employees.

In the reports of the Organization for Economic Cooperation and Development, it is noted that efficiency increases significantly when tax audits are carried out on the basis of digital technologies. In particular, it is noted that the introduction of electronic audit systems in the banking sector reduces the number of cases of tax law violations.

Analysis and results

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The main purpose of the tax audit is to ensure that commercial banks maintain tax accounts in accordance with the requirements of legislation and international standards, and to achieve reliability and accuracy in tax payments. On this basis, the following directions can be defined as the objectives of the tax audit (Table 1).

Table 1**The purpose of the audit of tax liabilities in commercial banks**

| No. | goal | Description |
|-----|--|---|
| 1. | Ensuring legality and reliability of tax accounting. | Value added tax (VAT), profit tax, personal income tax and other taxes paid by commercial banks should be calculated in accordance with the applicable legislation. Tax audit serves to verify the correctness of these calculations. |
| 2. | Increasing the transparency of tax reporting. | Banks must provide open and reliable reports to society. Through audit, tax reports become a reliable source for interested parties - state tax authorities, the Central Bank, shareholders and investors. |
| 3. | Prevention and reduction of tax risks. | Incorrect calculations can expose a bank to financial penalties, lawsuits, and reputational damage. A tax audit can help identify and mitigate these risks in advance. |
| 4. | Ensuring compliance with international standards. | When working with foreign investors and international financial institutions, it is important that financial reporting complies with international standards (IFRS, ISA). Tax audits help achieve this compliance. |
| 5. | Strengthening financial discipline in tax payments. | Timely and full payment of taxes in banking activities is important for the stability of the state budget. This discipline is strengthened through tax audits. |

Tax audit in commercial banks plays an important role in ensuring the reliability of financial reporting, compliance with legislative requirements on tax payments, and optimizing tax relations between the state and the bank. The tasks of tax audit arise from the specific characteristics of the bank's activities, its financial operations, and the procedures related to the state tax system. The main tasks of tax audit in commercial banks are described in detail below.

Table 2**Tasks of tax liability audit in commercial banks**

| | Tasks | Description |
|----|---|--|
| 1. | Analysis of tax transactions in accounting policies | Every year, commercial banks develop their own accounting policy, which clearly defines the tax accounting procedure. Compliance of this accounting policy with national legislation and international standards is assessed during the audit process. |

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| 2. | Control of correct and timely tax payments | Auditors will review VAT, income tax, excise tax, personal income tax, and other tax calculations. They will analyze whether there are any delays or overpayments in timely tax payments. |
| 3. | Identifying and preventing errors in tax returns | Tax returns may contain misstatements, errors in calculation methods, or incorrect application of tax rates. The auditor will provide recommendations to eliminate these errors. |
| 4. | Assessment of the internal control system | Banks have internal audit services for tax accounting and control. The tax audit evaluates their effectiveness and, if necessary, develops proposals for improvement. |
| 5. | Providing reliable information for interested parties | Based on the results of the tax audit, reports are prepared for state tax authorities, bank shareholders, and investors. These reports provide reliable information about the bank's financial condition and tax compliance. |
| 6. | Identification and assessment of tax risks | Banking is exposed to various risks, one of which is tax risk. The task of the tax liability audit is to identify risks in time, assess them and propose measures to reduce them. |
| 7. | Analysis of the use of tax credits and preferences | Commercial banks may be granted certain tax benefits and concessions. For example, in cases related to investment projects or export activities. In this case, it is necessary to study whether the bank uses these benefits legally and effectively. |

As commercial banks operate in the financial system, they are required to transparently and fully fulfill their tax obligations to the state budget.

In our opinion, we can indicate the following as sources of information for audits of tax liabilities in commercial banks:

1. Primary documents, including: invoices, receipts and expenses cash orders, cross-comparison vedomosts, inventory records, accounting information
2. Sources of information in accounting registers on tax liabilities; (relevant automated forms if automated accounting is maintained);
3. Information in the form of the order of accounting policy for tax purposes, internal audit report, financial statements and explanations, results of previous audit.

The auditor must ensure that sufficient audit evidence is obtained to achieve the main objective of the tax audit. Audit evidence should be sufficient to form a reasonable conclusion that reflects the auditor's opinion. The amount of evidence required for an audit opinion is not regulated by law. The auditor, based on professional judgment, must independently determine the amount of information necessary to conclude on the reliability of the financial statements of commercial banks. Evidence is collected for each statement, and there are cases when one or more pieces of evidence may be used to make each assertion, or, conversely, one piece of evidence may support two or more assertions.

As the main sources of information in audits, the following methods of obtaining evidence are presented in the international standard of auditing called "Audit Evidence" No. 500:

- "Audit is the examination of records, documents, or tangible assets. During an audit, documentary evidence can be obtained with varying degrees of reliability;

- observation, that is, studying the processes or actions performed by others;
- inquiries and confirmations, which are the search for and receipt of information from various counterparties inside or outside the enterprise (this evidence can be written or oral);
- arithmetic calculations, i.e. independent calculations performed by the auditor or verification of the accuracy of arithmetic calculations;
- analytical operations, that is, analysis of important indicators and changes».

the entity has fulfilled all the conditions for preparing financial statements reflecting its tax obligations, the auditor must develop a sequence of actions within the following areas:

Table 3

Risks assessed in the audit of tax obligations of commercial banks and recommendations for their reduction

| Types of risk | | Explanation | Mitigation measures |
|---------------|---------------------------------------|--|---|
| 1. | Settlement risks | Incorrect calculation of the tax amount (for example, an error in calculating VAT or income tax). Failure to take into account changes in current legislation and regulatory documents in a timely manner. Incorrect display of numbers when filling out a tax report. | Implementation of automated tax accounting systems; Regular training of accountants |
| 2. | Legal Compliance Risks | Failure to fully comply with the requirements of the Tax Code and other regulatory documents. Differences between international financial reporting standards and national legislation. Tax from the benefits wrong use . | Tax legislation news own on time current verb ; Lawyer and auditors with consultation |
| 3. | Internal control and management risks | At the bank tax account management according to internal control of the system enough to the extent effective not . accounting and auditing services qualification deficiency . Tax account automation technical failures in systems . | Internal audit system reinforcement ; Tax account automation programs permanent update . |
| 4. | Financial risks | Penalties and fines due to late payment of taxes. Overpayment of taxes and withdrawal of funds from circulation. Tax arrears have a negative impact on the bank's liquidity and financial stability. | Allocation of special reserve funds for tax payments; Improving financial planning |
| 5. | Reputational risks | If tax obligations are not fulfilled on time and in full, the bank's reputation in the market will be damaged. Disputes with tax authorities reduce the bank's trust in the eyes of investors and customers. | Timely fulfillment of tax obligations; Ensuring open communication with tax authorities |

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| External environmental risks | Frequent changes in tax legislation and failure to adapt to them in time. Economic instability and changes in public policy. International tax rules in the process of integration with problems . | Tax and economic reforms regular monitoring ; International experience current verb |
|------------------------------|--|--|

After assessing these risks, the auditor's response actions are determined. Risk assessment is of great importance in the audit process of tax obligations of commercial banks. The identified risks are analyzed by the auditor at various levels and appropriate response actions are developed. As stated in the International Standards on Auditing (ISA), the main task of the auditor is to minimize risks and ensure the reliability and fairness of tax reporting.

First, the auditor responds to accounting risks by re-examining the calculations. In this process, the auditor recalculates the tax calculations made by the bank, conducts test analyses, and tests the reliability of automated accounting systems. This helps to identify and prevent incorrect tax amounts.

Secondly, in response to compliance risks, the auditor conducts an audit based on the requirements of the current Tax Code and other regulatory documents. This includes examining the correctness of tax benefits and deductions applied, and analyzing differences between international financial reporting standards and national standards.

Thirdly, in relation to internal control risks, the auditor assesses the internal control system used in the bank in the process of tax accounting. Also, the qualifications of accountants and employees participating in the preparation of tax reports are studied. Internal audit reports are analyzed and their reliability is checked. If deficiencies are identified in the control system, recommendations are made for their improvement.

Fourth, the financial risk auditor analyzes the bank's tax liabilities. The likelihood of late tax payments, penalties, and fines is assessed. At the same time, if there are overpaid taxes, the procedure for their refund or inclusion in future payments is checked within the framework of the law.

Fifth, in response to reputational risks, the auditor analyzes disputes with tax authorities and assesses the impact of such cases on the bank's reputation. Recommendations are made to ensure the transparency of tax reporting, and management is informed about the social and financial consequences of the risks.

Finally, the auditor updates the audit program to reflect changes in legislation regarding external risks . The impact of economic instability and changes in government policy on tax reporting is analyzed, and opportunities for using international practices are considered.

Conclusion

1. We believe that further improvement of tax accounting digitization and automation is necessary. An automated system will reduce the likelihood of errors by quickly adopting legislative updates and reducing the human factor in calculations. Digitization of tax accounting will allow for the establishment of a “real-time control” mechanism, which will create complete transparency for bank management and tax authorities.

2. It is ineffective to rely solely on external audit organizations to perform tax audits in commercial banks. Therefore, each bank should establish a tax risk assessment and monitoring unit within the internal audit service. Internal audit staff should be regularly trained and retrained in tax legislation and international financial reporting standards (IFRS). The results of internal audits should be presented directly to the bank's board or supervisory board, which will increase the effectiveness of control.

3. In our opinion, based on the results of the audit, we can note that the risk area is the correct reflection of tax liabilities in the accounts and the timely payment of bank obligations to the budget. In order to reduce this type of risk, auditors should provide commercial banks with recommendations in their reports on the development of special analysis programs for tax risks in the bank and the categorization of risks (for example, high, medium and low risks). By assessing tax risks, the bank will be able to plan its tax liabilities in advance and reduce disputes with tax authorities, and the results of the tax risk assessment should be disclosed as a separate item in the audit report.

4. It is recommended that commercial banks provide brief information on tax obligations and the results of their audits in their annual reports. This will increase the accountability of banks to the public and investors, and strengthen financial discipline. We believe that it is appropriate to introduce the "Tax Transparency Report" that exists in international practice in Uzbek commercial banks as well.

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