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IMPROVING ACCOUNTING AND TAXATION OF INTANGIBLE ASSETS IN BUSINESS ENTITIES

Abstract. At the present stage of economic development, the role of intangible assets is important. Recently, they have become increasingly important accounting objects for many business entities, as well as for the oil refining industry of the Republic of Uzbekistan. Almost no modern enterprise can do without using in its activities a variety of intangible assets, the presence of which is a kind of driving force in the development of an economic entity.

Key words. Taxation, value added tax, intangible assets, business entities, initial cost.

Introduction. Intangible assets are identifiable objects of property that do not have material content, which an enterprise maintains for the purpose of using them in the process of production, performance of work, provision of services or sale of goods, or for the implementation of administrative and other functions for a long period of time (clause 4 " a" NAS (National Accounting Standard) № 7 "Intangible Assets", registered by the Ministry of Justice (Ministry of Justice) on June 27, 2005 № 1485).

The use of intangible assets in economic turnover by oil refineries of the Republic of Uzbekistan makes it possible to change the structure of their production capital. As a result of an increase in the share of intangible assets in the cost of new products, their knowledge intensity increases, which in turn is of great importance for increasing the competitive ability of products.

Literature review. According to Tretyak, the creation of intangible assets is accompanied by costs for the company, which are reflected in the financial statements in the form of costs for the creation of patents, copyrights and the development of new technologies, etc. From the consumer's point of view, obtaining a higher quality or innovative product or service entails an increase in the degree of satisfaction of effective demand [12].

In the opinion of Davletov, cost accounting for innovation activities should ensure the receipt of prompt, complete and reliable information on material, labor and monetary costs for the creation of innovative products (services and works). However, despite the existence of regulatory documents and theoretical approaches to innovation, there are certain shortcomings in cost accounting and calculating the cost of innovative products (works, services) [13].

Also, according to Kravtsov and Voronin, the process of carrying out research and development work to create a new or improved product, new technological processes for use in the activities of an enterprise or improving existing technologies is an innovative activity [14], and also, as Bobryashova and Popova emphasize, innovation activity is closely related to investment activity [15].

Research methodology. In the process of conducting the research, general scientific methods of cognition, methods of comparative analysis, systematization and generalization of information were used.

Analysis and discussion of the results. In the Republic of Uzbekistan, intangible assets in the balance sheet under the item “Original cost” (line 020) are shown at the initial (replacement) cost of intangible assets, such as rights to use natural resources, land plots, patents, licenses, trademarks, trademarks, industrial images, copyrights and others, which are recorded in intangible asset accounts (0400).

This item also reflects the amount of goodwill (company price) minus write-offs made during the reporting period. In accounting, the write-off of the amount of the intangible asset goodwill (company price) is recorded directly to reduce the balance of account 0480 “Goodwill”, without accumulating depreciation in a separate account.

Separately, under the article “Amount of depreciation” (p. 021), the accrued amount of depreciation for intangible assets is given, which is accounted for in the depreciation accounts of intangible assets (0500).

The article “Residual (book) value” (line 022) reflects the difference in lines 020 “Initial cost” and 021 “Depreciation amount”.

Intangible assets, in particular, include the assets specified in part one of Article 44 of the Tax Code, provided that the taxpayer has exclusive rights to them.

Payers of VAT (Value Added Tax) and legal entities with a state share in the authorized capital (capital) of 50% or more reflect in the automated information system of the tax authorities "E-aktiv" information on all operations related to the registration of intangible assets:

From January 1, 2022 to March 1, 2023 - on a voluntary basis (clause 2 of the Decree of the President of the Republic of Uzbekistan dated June 28, 2022 № UP-162). At the same time, the Information Message of the Ministry of Finance (Ministry of Finance) and the State Tax Committee of the Republic of Uzbekistan dated January 27, 2022 (clause 1 “b” of Section I) provided for the non-application of liability measures to taxpayers for non-use of the software product “E” until September 1, 2022 -asset" (except for goods included in the pilot category) [5].

Accordingly, the copyright holder enterprise, which has provided an intangible asset for use to another enterprise under a license agreement, retains exclusive rights to the intangible asset and does not write it off from its balance sheet. Depreciation on intangible assets provided for use is carried out by the copyright holder enterprise.

For the right to use intangible assets, both one-time and periodic payments can be established, depending on the terms of the contract. User enterprises can reflect payments for the right to use intangible assets as expenses of the reporting period, that is, recognize (write off) them immediately, or reflect them as deferred expenses and write them off as expenses for the periods during which the agreement will be valid. The option of reflecting (writing off) expenses associated with obtaining the right to use an intangible asset should be reflected in the accounting policy of the enterprise.

Intangible assets in the Republic of Uzbekistan include rights to produce products, perform work and provide services, that is, in essence, licenses (permits) that are issued by authorized bodies for engaging in certain types of activities.

According to Article 5 of the Law of the Republic of Uzbekistan “On Licensing, Permitting and Notification Procedures” dated July 14, 2021 № LRU-701 (from July 15, 2021; until July 15, 2021 - Article 7 of the Law of the Republic of Uzbekistan “On Licensing of Certain Types of Activities” dated 25.05.2000 № 71-II) types of activities are subject to licensing, the implementation of which may entail harm to the life and health of citizens, damage to the rights and legitimate interests of individuals and legal entities, damage to public safety and (or) harm to the environment.

Obtaining a license is accompanied by the cost of paying duties and fees in the prescribed amount. For example, to obtain a license to practice law, you must pay a state fee in the amount of 1 basic calculated amount. A license for the right to engage in international passenger transportation is set at 7 to 28 BRV per vehicle unit, depending on its type. That is, the costs of enterprises to obtain individual licenses are significant. Taking into account the cost factor, as well as the validity period of the license, which usually exceeds 12 months, the rights to produce products (works, services) - licenses are also considered intangible assets. Accordingly, licenses should be accounted for as part of other intangible assets, and amortization should be charged for them in the prescribed manner. If the license does not meet the conditions established by paragraph 6 of NAS № 7, then the costs of obtaining it should be classified as expenses of the enterprise.

The unit of accounting for intangible assets is an inventory item. The inventory object of intangible assets is considered to be a set of rights arising from one patent, certificate, assignment of rights, etc.

The main feature by which one inventory item is distinguished (identified) from another is its performance of an independent function in the production of products, performance of work or provision of services, or use for administrative and other functions of the enterprise.

For example, an object of intangible assets owned by two or more enterprises is reflected by each enterprise as part of intangible assets in proportion to its share in the common property.

All costs for registering intangible assets must also be included in their initial cost. It should be noted that in 2021-2022, national registration of trademarks of business entities - exporters, as well as those operating in the field of agriculture and handicrafts, in the total turnover of which the share of exports is more than 60%, was carried out free of charge.

Thus, the inclusion of a created and registered intangible asset in the composition of intangible assets (capitalization) is formalized by an acceptance certificate (in any form), which is approved by the head of the enterprise (authorized person). Documents confirming the exclusive rights to intangible assets (certificate, registration, etc.) are attached to it. Based on them, the accounting department opens an intangible asset accounting card (intangible asset form-1) [5].

All actual expenses for the creation of intangible assets and registration of rights to them are reflected in the debit of account 0830 “Acquisition of intangible assets.”

Intangible assets accepted for accounting are subject to depreciation from the first day of the next month according to the standards established by the accounting policy of the enterprise.

The correspondence of accounts for recording the capitalization of created intangible assets in oil refineries of the Republic of Uzbekistan can be reflected in Table 1 below.

Table 1.

Creation of intangible assets by an enterprise

	Debit	Credit
Write-off of expenses for the creation of intangible assets into capital investments (expenses of R&D, materials, payment of employees involved in the creation of intangible assets, depreciation of fixed assets used in R&D, overhead costs, expenses for registering rights, etc.)	0830 “Acquisition of intangible assets”	1000 “Materials”, 6010 “Invoices payable to suppliers and contractors”, 6990 “Other obligations”, 6710 “Settlements with personnel for wages”, 6520 “Payments to state trust funds”, etc.
Capitalization (inclusion in intangible assets) of intangible assets	0400 “Intangible assets”	0830 “Acquisition of intangible assets”

From January 1, 2020, the amount of VAT on the purchased intangible asset, allocated in the supplier’s invoice, is accepted for offset in full (Part 3 of Article 266 of the Tax Code). See in more detail the procedure for crediting VAT that was in force previously

VAT crediting is carried out:

- subject to the conditions of Art. 266 - 268 NK;
- if the buyer and supplier of intangible assets are specially registered with the tax authorities as a VAT payer and have a valid certificate of registration (from December 23, 2021 - clauses 4, 5 of the Regulations, approved by the PCM of the Republic of Uzbekistan on September 22, 2021 № 595; until December 23, 2021 - clause 2 of the Regulations “On the procedure for special registration of taxpayers as payers of value added tax,” reg. 05/02/2020 № 3232) [5].

Thus, when the certificate is suspended, the VAT amounts offset against actually received intangible assets and the costs of their acquisition before the tax authority makes a decision on suspension are not subject to adjustment. From January 1, 2023, the amount of VAT paid on goods (services) actually received and not accepted for offset due to the suspension of the certificate, in the event of its renewal, is subject to offset (adjustment).

When paying for acquired intangible assets, if the terms of the contract provide for deferred or installment payment, actual expenses are taken into account for the initially recognized amount of accounts payable.

Purchasing a license with deferred payment. The state duty is paid annually in equal installments.

Correspondence of accounts for the acquisition of intangible assets for a fee in oil refineries of the Republic of Uzbekistan can be carried out according to Table 2 below.

Table 2.

Acquisition of intangible assets for a fee

	Debit	Credit
Acquisition of intangible assets	0830 "Acquisition of intangible assets"	6010 "Invoices payable to suppliers and contractors"
Reflection of expenses when acquiring intangible assets (services of consultants, experts, expenses for registering rights to intangible assets, paying duties, fees, etc.)	0830 "Acquisition of intangible assets"	6010 "Invoices payable to suppliers and contractors", 6990 "Other obligations", 6710 "Settlements with personnel for wages", 6520 "Payments to state trust funds", etc.
VAT offset on the acquisition of intangible assets by VAT payers	4410 "Advance payments for taxes and other obligatory payments to the budget (by type)" 6410 "Debt in payments to the budget (by type)"	6010 "Invoices payable to suppliers and contractors" 4410 "Advance payments for taxes and other obligatory payments to the budget (by type)"
Capitalization of intangible assets (inclusion in intangible assets)	0400 "Intangible assets"	0830 "Acquisition of intangible assets"

From January 1, 2022, the Law of the Republic of Uzbekistan dated December 29, 2021 № LRU-741, for tax accounting purposes, introduced a separate procedure for determining the initial cost of intangible assets, as well as calculating depreciation on them [2].

The initial cost of intangible assets acquired after December 31, 2021, for tax purposes is determined as the amount of expenses for acquisition and bringing to the state in which the intangible asset is suitable for use.

The initial (replacement) cost of intangible assets held by the enterprise according to accounting data as of January 1, 2021 is determined as their initial cost, taking into account previously carried out revaluations.

Thus, the following are not included in the initial cost of intangible assets:

- VAT offset in accordance with Chapter 37 of the Tax Code and (or) taken into account as expenses in accordance with Art. 314 NK;
- interest expenses and other expenses associated with the acquisition of intangible assets, subject to deduction or taken into account as expenses in accordance with the Tax Code;
- expenses provided for in paragraph 17 of Art. 317 NK.

Intangible assets that meet the criteria of Art. 307 of the Tax Code are recognized as a depreciable asset and are subject to depreciation. The cost of a

depreciable asset is expensed through depreciation charges calculated on the original cost.

In accordance with the Decree of the President of the Republic of Uzbekistan dated September 20, 2013 № PP-2042 (clause 6), the tax base for income tax and unified tax is reduced by the amount of funds allocated for the purchase of domestically produced software within the framework of investment projects for the creation of information systems included into the annual Investment Program of the Republic of Uzbekistan, but not more than 30 and 25% of the tax base, respectively, for income tax and the Unified National Tax. In this case, the reduction is made within five years by the amount of funds allocated for these purposes.

The Law of the Republic of Uzbekistan dated December 30, 2019 № LRU-599 (came into force on January 1, 2020) approved a new edition of the Tax Code and established the following:

- instead of the EPP, a turnover tax is introduced;
- benefits previously provided for the Unified Tax and Profit Tax by acts of tax legislation, incl. decisions of the President and the Cabinet of Ministers of the Republic of Uzbekistan adopted before January 1, 2020, are applied until their expiration.

In the new edition of the Tax Code, a benefit is provided only for income tax payers in the form of an investment deduction - in the amount of 20% (from January 1, 2022; until January 1, 2022 - 10%) of the amount of funds allocated for the purchase of domestic software production within the framework of investment projects to create information systems.

From January 1, 2022, in case of sale, gratuitous transfer or other disposal (except for those related to emergency circumstances) of software within three years from the date of application of the investment deduction, the benefit is canceled by deducting it from the amount of accumulated depreciation in that reporting (tax) period. in which the disposal occurred [5].

The receipt of intangible assets into the ownership of an enterprise from another legal entity or individual in exchange for another object of intangible assets is carried out under an exchange agreement.

The initial value of an intangible asset received in exchange for a similar intangible asset is equal to the residual value of the transferred asset. When exchanging with an additional payment, the initial value of the received intangible assets is equal to the residual value of the transferred asset, increased (decreased) by the amount of cash (surcharge) that was transferred (received) during the exchange.

Thus, the Initial value of an intangible asset received in exchange for a non-similar intangible asset is equal to the current value of the transferred intangible asset. In the case of an exchange of intangible assets with an additional payment, the initial value of the received assets is equal to the current value of the transferred asset, increased (decreased) by the amount of cash (surcharge) that was transferred (received) during the exchange.

Intangible assets received by the enterprise under an exchange agreement are accepted for accounting at their original cost, which includes all costs directly related to receiving the intangible asset and bringing it into working condition for its

intended use (registration fees, duties, costs of insuring delivery risks Intangible assets, etc.) The list of expenses included in the initial cost of intangible assets is given in paragraph 14 of NAS № 7 “Intangible assets”, reg. Ministry of Justice of the Republic of Uzbekistan 06/27/2005 № 1485.

The receipt of intangible assets under an exchange agreement is formalized by an act of acceptance and transfer of the intangible asset object. For intangible assets accepted for accounting, depreciation is calculated according to the norms and methods established by the accounting policy of the enterprise.

The capitalization of intangible assets is carried out on the basis of such documents as:

- certificates of right of use,
- patents,
- copyright or license agreement,
- assignment agreements,
- acts of acceptance and transfer of intangible assets,
- acts of acceptance of software development work,
- research and development programs,
- constituent agreements and protocols on the contribution of assets and agreement on their value,
- agreements on the free transfer of intangible assets, etc.

The correspondence of accounts for the acquisition of intangible assets for a fee in oil refineries of the Republic of Uzbekistan can be carried out according to Table 3 below.

Table 3.

Receipt of intangible assets under an exchange agreement

	Debit	Credit
Receipt of an intangible asset (exchange for another asset) at residual value	0400 “Intangible assets”	9220 “Disposal of other assets”
VAT reflection	9220 “Disposal of other assets”	6410 “Debt of payments to the budget by type”
Receipt of intangible assets with additional payment	0400 “Intangible assets” - for the amount of the residual (current) value of transferred intangible assets and cash	6990 “Other liabilities” - for the amount of funds paid upon exchange 9220 “Disposal of other assets” - for the residual (current) value of the transferred intangible asset
Receipt of intangible assets with additional payment	0400 “Intangible assets” - for the difference between the residual (current) value of transferred intangible assets and the amount of cash 4890 “Debt of other debtors” - for the amount of money received during the exchange	9220 “Disposal of other assets” - for the residual (current) value of the transferred intangible asset

Reflection of expenses when exchanging intangible assets (registration fees, duties, costs of insuring the risks of delivery of intangible assets, etc.)	0830 "Acquisition of intangible assets"	6010 "Invoices payable to suppliers and contractors", 6990 "Other obligations", 6710 "Settlements with personnel for wages", 6520 "Payments to state trust funds", etc.
Capitalization of intangible assets (commissioning)	0400 "Intangible assets"	0830 "Acquisition of intangible assets"

When purchasing digital products through digital distribution, documents confirming the transaction are:

- electronic checks, receipts for the acquisition of the right to a digital product and other messages that allow identification of the parties to the transaction, generated by information systems during digital distribution;
- internal documents of the enterprise (report of the responsible person, bank statement, accounting certificate, etc.).

In this case, the enterprise has the right to draw up a primary accounting document unilaterally, with the following attached to it:

- electronic copies of the accession agreement, offer, license and other agreement;
- copies of the invoice, invoice or other document received from the counterparty in the form of an electronic message;
- screenshots of transactions from the electronic payment system, log reports from the website about the purchase of digital goods and other documents confirming the receipt of funds or their payment.

The signature of the responsible persons of the counterparty is not required in such a document. The form of the primary accounting document for processing transactions with digital products sold through digital distribution is developed by the enterprise independently, taking into account the requirements of the Law of the Republic of Uzbekistan "On Accounting" dated August 30, 1996 № 279-I.

For each incoming item of intangible assets, an inventory card of the form NMA-1 is opened on the basis of the transfer and acceptance certificate. The inventory card is kept in the accounting department of the enterprise in one copy.

The card indicates the amount of depreciation, which is calculated monthly according to rates calculated based on the original cost and useful life.

Conclusion and recommendations. In the modern realities of socio-economic development of the Republic of Uzbekistan, it was concluded that the identified changes will bring the rules for accounting for intangible assets closer to the requirements of International Financial Reporting Standards. Recommendations have been developed for determining the initial cost of intangible assets, useful life of intangible assets, depreciation of intangible assets, according to the tax code of the Republic of Uzbekistan, improving analytical and synthetic accounting of intangible assets, ways to improve the accounting of intangible assets and taxation of intangible assets, according to the tax code of the Republic of Uzbekistan.

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