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Formation of Tax Arrears in the Economy of Uzbekistan and Analysis of the Position of Enterprises in this Process

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Abstract: This article analyzes the formation of tax arrears in the economy of Uzbekistan, with particular emphasis on the role and financial condition of enterprises in this process. Specifically, the study examines the dynamics of tax arrears at the national level, their share in total tax revenues, and the structural characteristics of tax arrears incurred by enterprises across different sectors of the economy. In addition, the study investigates the economic and financial factors contributing to the emergence of tax arrears, enterprises' ability to fulfill their tax obligations in a timely manner, and the theoretical, methodological, and practical aspects associated with the collection of tax arrears. Based on the analyses conducted, the study assesses the trends in the formation of tax arrears among enterprises and develops relevant academic conclusions and practical recommendations aimed at reducing tax arrears, ensuring the timely fulfillment of tax obligations, and improving mechanisms for the collection of outstanding tax liabilities.

Keywords: Tax arrears, tax debt, tax revenues, tax obligations, enterprises, tax debt collection, tax administration, share of tax arrears, financial stability, fiscal stability.

1. Introduction

The stable formation of state budget revenues is directly dependent on the timely and full fulfillment of tax obligations by enterprises. Tax arrears arising from the failure to fulfill tax obligations within the prescribed deadlines affect not only budget revenues but also the financial condition of enterprises.

Therefore, it is of significant importance to analyze the dynamics of tax arrears in the economy of Uzbekistan, their structural composition, and their distribution across enterprises' activities. Such an analysis makes it possible to identify the factors contributing to the formation of tax arrears, assess the current situation, and determine effective measures aimed at ensuring the timely fulfillment of tax obligations.

Taking the above considerations into account, studying the formation of tax arrears in relation to the activities of enterprises, as well as improving mechanisms for reducing and collecting such arrears, is of particular relevance today.

The formation of tax arrears and their effective management have been studied in international economic literature as one of the important areas of tax administration. These studies examine the emergence of tax arrears not only in terms of the failure to fulfill tax obligations on time, but also in relation to enterprises' financial capacity, solvency, and the mechanisms of tax administration currently in place.

G. Falavigna and R. Ippoliti examined the formation of tax arrears among enterprises in relation to their financial constraints [1]. The authors argue that, for enterprises with limited access to external financing, delaying tax payments may become a means of covering short-term financial needs. This approach demonstrates the need to assess tax arrears not as a phenomenon isolated from an enterprise's financial condition, but rather as a process closely interconnected with its liquidity and access to financial resources.

The OECD adopts a different approach to the management of tax arrears, placing particular emphasis on identifying the risk of arrears arising in advance rather than focusing solely on the collection of existing debts [2]. In this regard, grouping taxpayers with outstanding liabilities according to their ability to pay and financial condition, taking appropriate measures at the early stages of arrears formation, and adapting collection methods to the taxpayer's circumstances are recognized as effective mechanisms.

Subsequent OECD studies explain the effectiveness of tax arrears management systems in terms of preventing the emergence of arrears, responding promptly to newly arising debts, applying collection measures on a differentiated basis, and managing difficult-to-collect arrears separately [3]. This indicates the need to develop an approach based on the economic and financial condition of enterprises rather than applying a uniform collection mechanism to all enterprises.

Studies by the International Monetary Fund emphasize the importance of identifying tax arrears as early as possible, establishing prompt communication with taxpayers, and utilizing modern information technologies to improve the effectiveness of tax arrears management [4]. Such an approach not only facilitates the collection of existing tax arrears but also helps limit the formation of new arrears.

Summarizing the above-mentioned scholarly perspectives, it can be concluded that relying solely on collection measures after tax arrears have already arisen is insufficient to reduce tax arrears. In this regard, it is important to take enterprises' financial condition into account, assess the risk of tax arrears in advance, and apply differentiated management measures tailored to the specific characteristics of enterprises. From this perspective, analyzing the formation of tax arrears in the economy of Uzbekistan in relation to the condition of enterprises constitutes one of the key areas of this study.

Therefore, the regulation and effective management of tax arrears encompass various economic, organizational, and administrative instruments and mechanisms aimed at ensuring the stability of state budget revenues, strengthening tax compliance among enterprises, and reducing existing tax arrears.

In developing theoretical research on the formation and collection of tax arrears, considerable importance is attached to scholarly studies focusing on state regulation of economic processes, the effective organization of tax administration, and the fulfillment of tax obligations by business entities. This is because the emergence of tax arrears is, on the one hand, associated with the financial capacity of enterprises and, on the other hand, directly dependent on the effectiveness of the state's mechanisms for regulating and monitoring tax relations.

In this regard, J. Slemrod emphasizes that the fulfillment of tax obligations cannot be adequately explained solely by tax rates or economic incentives [5]. According to his approach, the effectiveness of a tax system is closely linked to tax administration, control mechanisms, and taxpayer behavior. Therefore, when assessing the formation of tax arrears, it is necessary to consider not only the economic condition of enterprises but also the mechanisms of tax administration currently in place.

The "slippery slope framework" developed by E. Kirchler, E. Hoelzl, and I. Wahl argues that the fulfillment of tax obligations is jointly influenced by the power of government enforcement and taxpayers' trust in tax authorities [6]. The authors demonstrate that coercive enforcement alone is insufficient to ensure sustainable tax

compliance and that establishing trust-based relationships with taxpayers is equally important. This approach implies the need to employ preventive and cooperation-based mechanisms alongside compulsory collection measures to reduce tax arrears.

International approaches to tax arrears management likewise prioritize taking taxpayers' economic and financial conditions into account rather than applying uniform collection measures after arrears have arisen [7]. In particular, OECD studies identify the prevention of tax arrears to the greatest extent possible, prompt responses to newly arising arrears, segmentation of debtors according to their ability to pay, and the selection of collection measures appropriate to their circumstances as key elements of effective tax arrears management.

The relationship between the condition of enterprises and tax arrears is demonstrated more explicitly in the studies of G. Falavigna and R. Ippoliti [8]. The authors empirically examine how, among small and medium-sized enterprises with limited access to financial resources, the deferral of tax obligations may become one of the means of temporarily easing financial pressure. This indicates that explaining the formation of tax arrears solely as a violation of tax compliance represents a one-sided approach and that the enterprise's liquidity and access to financial resources should also be taken into consideration.

From this perspective, in order to manage tax arrears effectively, it is more appropriate to apply a differentiated approach based on the operational condition, solvency, and specific characteristics of tax arrears of each enterprise rather than assessing all enterprises according to uniform criteria. The causes of tax arrears may differ among enterprises that are actively operating, those experiencing temporary financial difficulties, and those that have effectively ceased economic activity. Accordingly, the preventive and collection mechanisms applied to these enterprises should not be identical.[9]

2. Materials and Methods

Research conducted by Uzbek economists has also placed particular emphasis on the causes of tax arrears and mechanisms for reducing them. In particular, U.F. Hakimov investigated the possibility of predicting the emergence of tax arrears in advance by analyzing the extent to which legal entities and individual entrepreneurs fulfill their obligations to pay taxes and fees within the prescribed deadlines [9]. The author emphasizes that reducing tax arrears should not be limited to collecting existing debts; rather, it is necessary to identify in advance the factors contributing to their formation and to develop mechanisms for forecasting the emergence of tax arrears. This approach highlights the need to regularly monitor the fulfillment of tax obligations by enterprises and to take appropriate preventive measures in advance with respect to entities facing an increased risk of tax arrears.

Sh.R. Raximova examined the practice of collecting tax arrears and ways to improve it, analyzing the causes of tax arrears as well as the current status of debts owed by legal entities and individual entrepreneurs [10]. The study substantiates the need to reduce tax arrears and improve mechanisms for their effective collection. Based on these perspectives, it can be concluded that effective management of tax arrears requires identifying the causes of their formation, taking into account the specific characteristics of debtor entities, and aligning collection measures with their prevailing economic circumstances.

Summarizing the theoretical perspectives discussed above, in our view, the tax arrears management system should not be limited solely to the compulsory collection of outstanding tax liabilities. The system should also encompass the assessment of enterprises' financial condition in advance, identification of the risk of tax arrears arising, monitoring of factors contributing to the growth of arrears, and application of measures that correspond to the actual payment capacity of enterprises.

Therefore, when studying the formation of tax arrears in the economy of Uzbekistan, it is particularly important not to limit the analysis to assessing their overall quantitative dynamics, but also to identify the types and conditions of enterprises that account for the formation of such arrears. This approach makes it possible to assess the structural characteristics of tax arrears more comprehensively and to improve mechanisms for preventing and collecting tax arrears based on the financial and operational condition of enterprises.[11]

This study aims to assess the scale, composition, and development trends of tax arrears in the economy of Uzbekistan in relation to the activities of enterprises. The primary objectives of the study are to identify the characteristics of the emergence of tax arrears, assess their distribution according to the condition of enterprises, and develop academic and practical conclusions regarding the reduction of existing arrears and improvement of the efficiency of their collection.

The empirical analysis was based on statistical indicators reflecting tax revenues, accumulated tax arrears, and their distribution across enterprises and sectors of the economy in the Republic of Uzbekistan. In processing the data, the methods of dynamic and structural analysis, comparison, grouping, generalization, and systematic analysis were applied in an integrated manner. This methodological approach made it possible to identify quantitative and structural changes in tax arrears, assess the economic relationships among them, and formulate relevant academic conclusions based on the findings.[12]

3. Results and Discussion

Taking into account enterprises' financial condition and their ability to fulfill tax obligations, accurately assessing the factors contributing to the formation of tax arrears, and determining collection measures in accordance with the specific characteristics of the arrears are of critical importance for ensuring the effective management of tax arrears.

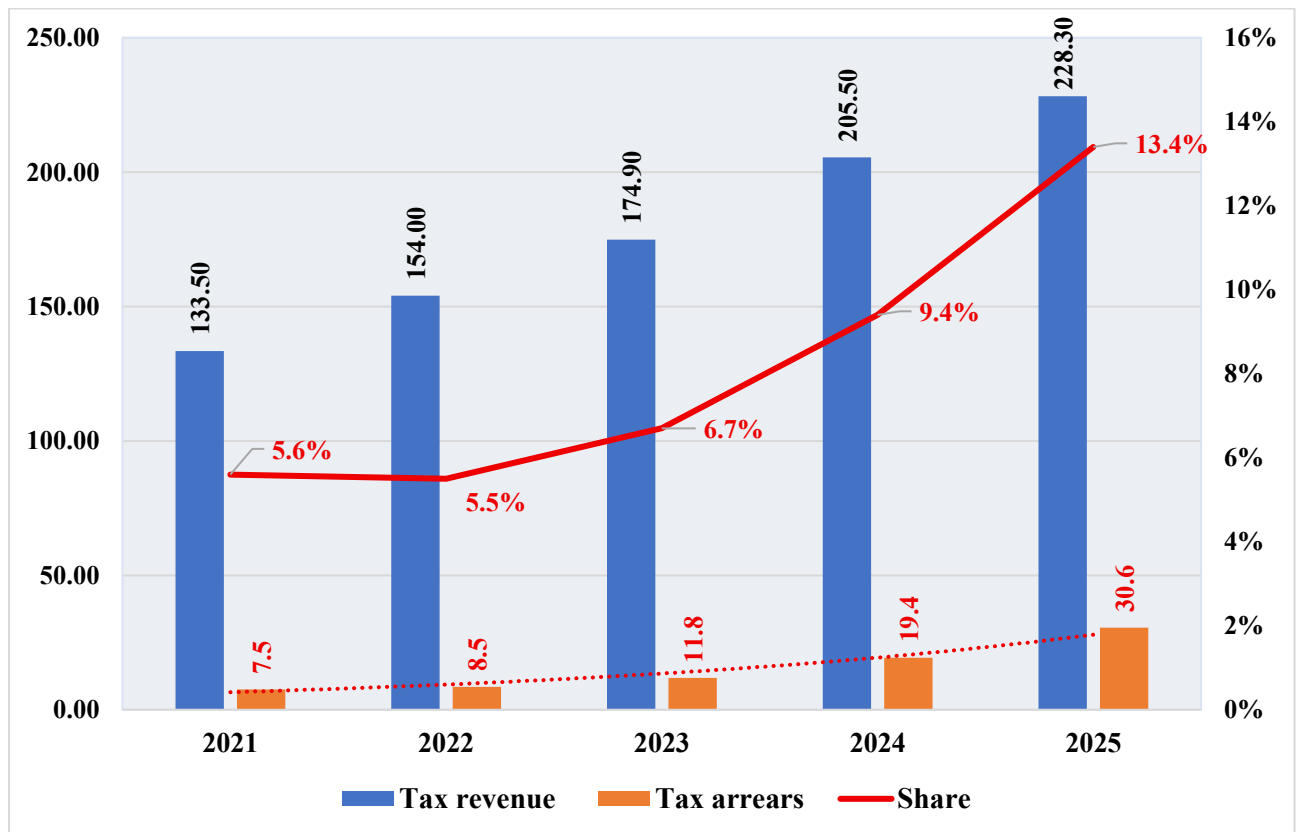


Figure 1. Total revenues in the republic and the share of tax arrears therein, UZS Trillion

The analysis of the ratio between total tax revenues and tax arrears in the Republic during 2021–2025 indicates that, although the volume of fiscal revenues demonstrated a steady growth trend, the rate of growth in tax arrears was considerably higher. As a result, the relatively moderate tax arrears burden observed at the beginning of the analysis period intensified sharply in subsequent years, creating a contradictory situation within the fiscal system. In particular, by the end of the five-year period, the growth rate of tax arrears was approximately 2.39 times higher than the growth rate of revenues, indicating that the situation had become increasingly complex.

During the initial stage of the analysis, namely 2021–2022, a relatively positive balance was observed within the fiscal system. During this period, the growth in revenues was approximately 20.5 times higher than the growth in tax arrears. Consequently, the share of tax arrears demonstrated a declining trend, indicating a reduction in fiscal pressure. Specifically, because the growth in tax revenues exceeded the growth in tax arrears during this period, the share of tax arrears in budget revenues decreased. In particular, while revenues increased by approximately 15%, the growth in tax arrears amounted to around 13%. As a result, the share of tax arrears decreased by 0.1 percentage points, indicating a relative easing of fiscal pressure. This suggests that the expansion of economic activity occurred at a faster pace than the accumulation of uncollected tax liabilities.[13]

However, in the subsequent stage, the direction of the trend changed fundamentally. Between 2022 and 2023, while the growth rate of tax arrears accelerated by approximately 3.3 times compared with the previous period, the growth in revenues remained almost unchanged. As a result, the share of tax arrears increased by more than 1 percentage point at once, fully offsetting the decline recorded in the previous period. Most importantly, during this period, the relative growth rate of tax arrears was approximately 2.9 times higher than the growth rate of revenues. This indicates that a slowdown had begun in the effectiveness of tax liability collection.

The period between 2023 and 2024 emerged as one of the most significant turning points throughout the entire analysis period. During this period, the annual growth of tax arrears increased by approximately 2.3 times compared with the previous year, while the growth in revenues accelerated by only 1.46 times. As a result, the share of tax arrears increased by approximately 2.7 percentage points within a single year. This represents a result nearly 2.25 times higher than the increase recorded in the previous stage. It is from this period onward that the pressure exerted by tax arrears on the fiscal system can be observed to have taken on an accelerating pattern.

In particular, the situation during 2024–2025 deserves special attention. During this period, the absolute increase in tax arrears was higher than in all previous stages, while their expansion in volume recorded a result several times greater than the total increase observed during the first two years. Consequently, the share of tax arrears increased by nearly 4 percentage points, reaching the highest level of fiscal pressure recorded during the five-year period. Most notably, the increase in tax arrears over the final two years exceeded the cumulative increase recorded during the first three years. This indicates that the problem was not developing in a linear manner, but rather according to an accelerating geometric dynamic.

According to the overall analysis, total revenues increased by more than 71% over the five-year period, whereas the volume of tax arrears increased by more than 308%. Consequently, the share of tax arrears in total revenues increased by approximately 2.4 times. While at the beginning of the period the tax arrears burden amounted to an average of approximately 5–6 UZS for every 100 UZS of revenue, by the end of the period this burden had reached 13–14 UZS. Thus, alongside each additional unit of revenue received by the budget, the volume of outstanding tax liabilities increased at an even faster rate.[14]

Another important aspect identified in the analysis is that, despite the continuous growth in the volume of revenues, the share of tax arrears did not decline; on the contrary, it increased at an accelerating rate. This indicates the emergence of a situation in the fiscal system characterized by “deepening tax arrears alongside revenue growth.” In particular, the fact that the growth rate of the share of tax arrears increased several times in the later stages compared with the initial stages demonstrates a substantial increase in the level of fiscal risk.

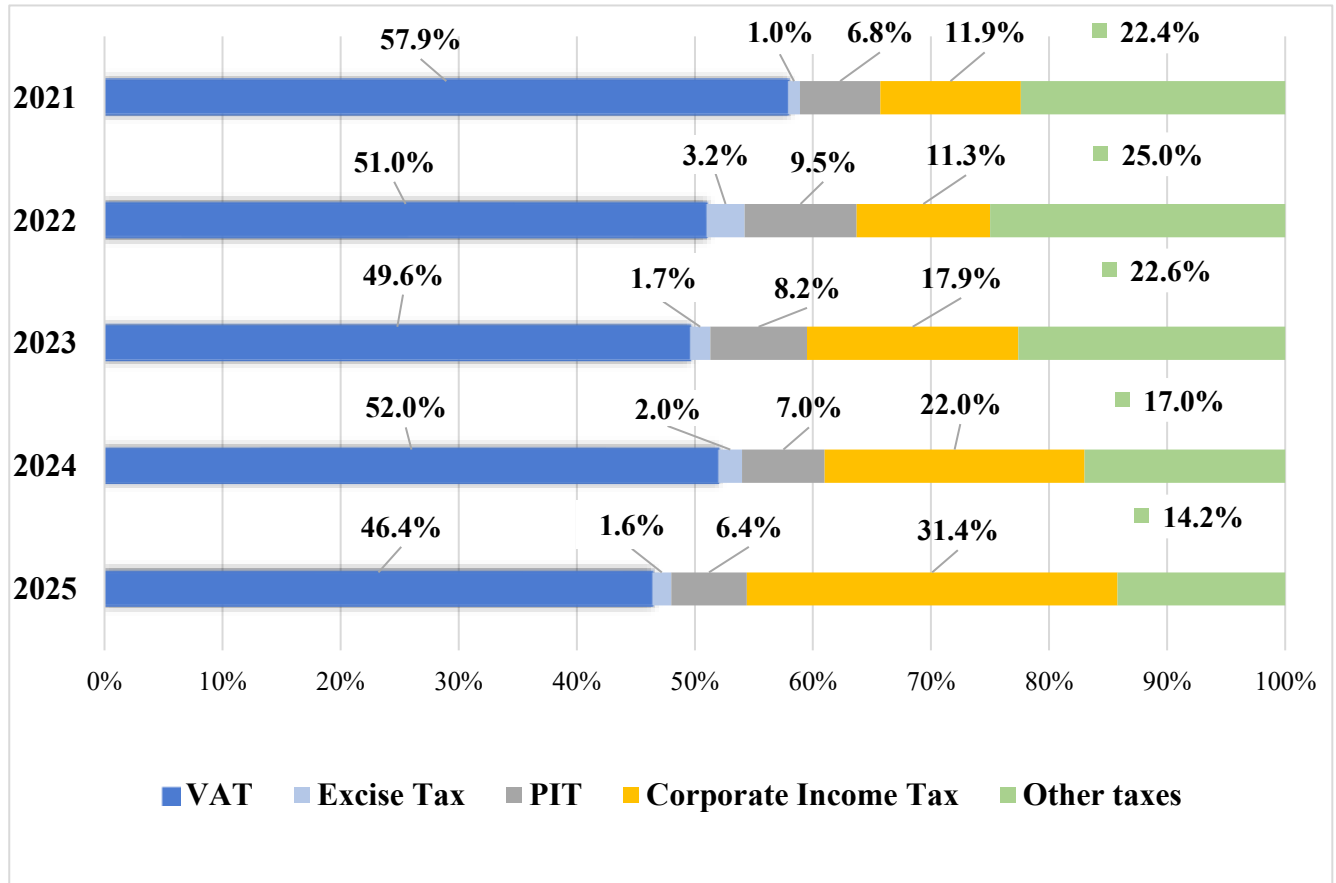


Figure 2. Composition of tax arrears in the national economy by type of tax, 2021–2025.

During 2021–2025, total tax arrears increased from UZS 7,506.7 billion to UZS 30,589.0 billion, representing an increase of UZS 23,082.3 billion, or 4.08 times. However, the rates of increase varied across different types of taxes. According to the analysis of the data presented, the largest share of tax arrears was attributable to value-added tax (VAT) and corporate income tax, which are among the principal types of taxes contributing to the state budget.

In particular, tax arrears related to these two types of taxes increased by UZS 18,530.2 billion, accounting for 80.3% of the total increase in tax arrears.

This, in turn, indicates that during the period under review, tax arrears were structurally concentrated primarily in these two types of taxes.

Tax arrears related to value-added tax (VAT) amounted to UZS 4,348.5 billion at the beginning of the period under review. By 2025, this figure had reached UZS 14,181.9 billion, representing an increase of UZS 9,833.4 billion, or 3.26 times. However, the share of VAT in total tax arrears decreased by 11.5 percentage points, from 57.9% at the beginning of the period to 46.4% in 2025.

This dynamic demonstrates that although VAT arrears increased in absolute terms, their share declined as a result of the faster accumulation of tax arrears related to other types of taxes.

This can primarily be explained by the broad tax base of VAT and the substantial volume of assessed tax liabilities, as well as the persistence of an imbalance between cash flows and tax liabilities at certain enterprises.

With regard to corporate income tax, tax arrears increased from UZS 896.8 billion in 2021 to UZS 9,593.6 billion in 2025, representing a 10.7-fold increase. The share of this type of tax in total tax arrears increased from 11.9% to 31.4%, representing an increase of 19.5 percentage points. A particularly sharp increase in corporate income tax arrears was observed from 2023 onward. As a result, the difference between the shares of VAT and corporate income tax in total tax arrears narrowed from 46.0 percentage points to 15.0 percentage points, representing a decrease of 31.0 percentage points.

This situation indicates a significant increase in the share of corporate income tax arrears in the overall structure of tax arrears. This can be explained not only by the increase in tax liabilities calculated on the basis of the profits of business entities, but also by the fact that reported profits do not fully translate into actual cash flows, as well as by the growth of accounts receivable and shortages of working capital.

Apart from VAT and corporate income tax, the dynamics of arrears related to other types of taxes within the overall structure of tax arrears varied considerably. In particular, arrears of excise tax increased from UZS 75.8 billion at the beginning of the period under review to UZS 486.8 billion at the end of the period, representing a 6.42-fold increase. However, its share in total tax arrears changed only from 1.0% to 1.6%, indicating no significant structural change. Tax arrears related to personal income tax increased from UZS 510.8 billion to UZS 1,958.4 billion, or 3.83 times. Nevertheless, its share declined from 6.8% to 6.4%, indicating that its structural contribution remained largely unchanged.

A positive trend was observed in the case of other taxes, including turnover tax and the tax on the use of subsoil resources. Specifically, tax arrears related to turnover tax decreased from UZS 602.6 billion to UZS 434.4 billion, while arrears related to the tax on the use of subsoil resources declined from UZS 293.5 billion to UZS 82.2 billion. Consequently, their respective shares in total tax arrears decreased from 8.0% to 1.0%, representing a decline of 7.0 percentage points, and from 4.0% to 0.3%, representing a decline of 3.7 percentage points. These results indicate improvements in tax administration, greater efficiency of tax control and collection mechanisms, and an increased level of timely fulfilment of tax obligations.

In contrast, tax arrears related to the tax on the use of water resources, property tax, and land tax increased by 6.65, 6.77, and 3.93 times, respectively. However, despite the multiple-fold increases in the amounts of arrears for these taxes, their relatively small initial absolute values meant that they had no significant impact on their shares in the overall structure of tax arrears.

The analysis shows that the combined share of VAT and corporate income tax in total tax arrears increased from 69.8% to 77.7%, while the combined share of the remaining seven types of taxes decreased from 30.2% to 22.3%.

This situation indicates that tax arrears in the Republic are becoming increasingly concentrated around taxes with high fiscal significance. Therefore, in order to reduce tax arrears, it is advisable to develop mechanisms focused primarily on the early identification of risks associated with VAT and corporate income tax, monitoring the cash flows of enterprises, and improving a risk-based differentiated tax administration system.

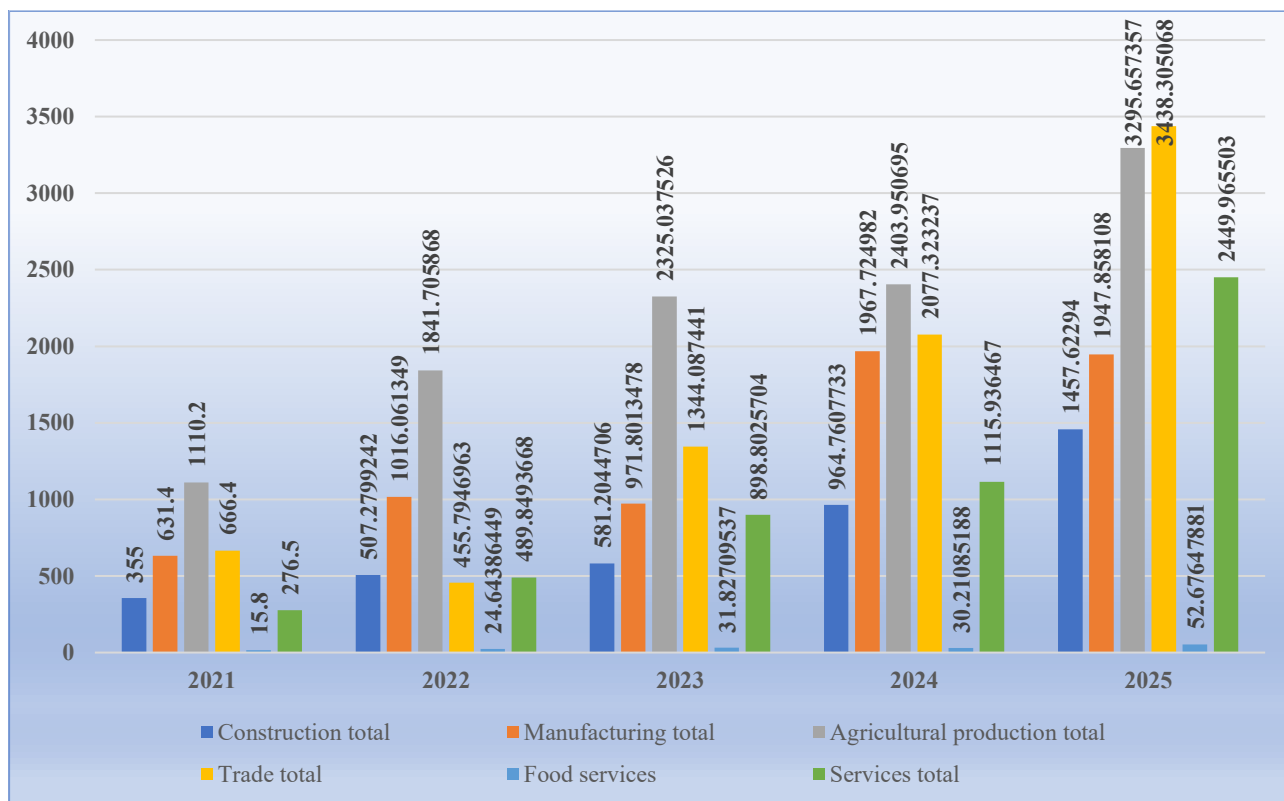


Figure 3. Dynamics of tax arrears by economic sector in Uzbekistan, uzs billion.

Over the past five-year period, the intensity of growth in tax arrears across economic sectors has varied considerably. This process has been influenced more strongly by the turnover of cash flows, the settlement system, and the level of financial stability within each sector than by the volume of production or the sector's share in the national economy. As a result, tax arrears have accumulated at relatively high rates in certain sectors, while remaining comparatively stable in others.

During the period under review, the fast-turnover sectors of the economy, particularly trade and services, became the areas with the most rapid growth in tax arrears. In the trade sector, tax arrears increased from UZS 666.4 billion to UZS 3,438.3 billion, representing a 5.16-fold increase, while in the services sector they increased from UZS 276.5 billion to UZS 2,450.0 billion, representing an 8.86-fold increase.

The growth of tax arrears in the services sector was approximately 1.7 times higher than that observed in the trade sector.

This, in turn, indicates that despite the high level of economic activity in these sectors, an adequate balance between cash inflows and tax obligations has not been maintained. At the same time, the sharp increase in arrears in the trade and services sectors should not be assessed as an isolated phenomenon, but rather as a continuation of the production process.[15]

This is because the majority of products manufactured by production enterprises are ultimately sold through trade and services channels.

Delays in payments or an increase in accounts receivable at any stage of this process may subsequently result in the failure to fulfil tax obligations on time at subsequent stages.

Thus, tax arrears observed in certain sectors can also be considered an indirect consequence of financial disruptions occurring in other sectors.

The agricultural and manufacturing sectors, meanwhile, demonstrate different characteristics. In the agricultural sector, tax arrears increased from UZS 1,110.2 billion to UZS 3,295.7 billion, representing a 2.97-fold increase, while in the manufacturing sector,

they increased from UZS 631.4 billion to UZS 1,947.9 billion, representing a 3.08-fold increase.

Although the absolute volume of tax arrears in these sectors was relatively high, the intensity of their growth was considerably lower than that observed in the trade and services sectors.

In particular, the decline in tax arrears in the manufacturing sector from UZS 1,967.7 billion in 2024 to UZS 1,947.9 billion in 2025 indicates a relative improvement in financial discipline and suggests that the measures implemented to manage tax arrears have begun to produce a certain degree of effectiveness.

In the construction sector, tax arrears increased from UZS 355.0 billion to UZS 1,457.6 billion, representing a 4.11-fold increase. This indicator demonstrates a higher growth rate than that of the manufacturing sector, but a lower growth rate than that of the trade sector.

This can be attributed to the long duration of construction projects, the phased nature of settlements, and the prolonged commitment of working capital.

In the food service sector, tax arrears increased from UZS 15.8 billion to UZS 52.7 billion, representing a 3.34-fold increase. However, due to the relatively small absolute amount, its impact on the overall structure of tax arrears across the economy remained negligible. This can be explained by the relatively small share of the food service sector in the economy and its comparatively limited tax base.

A comparison of tax arrears growth rates across sectors shows that arrears in the services sector (8.86 times), trade sector (5.16 times), and construction sector (4.11 times) increased at rates higher than the national average growth rate of 4.08 times.

Conversely, the corresponding rates in the agricultural sector (2.97 times) and manufacturing sector (3.08 times) were below the national average. This indicates that a substantial portion of fiscal risk is concentrated in sectors characterized by high cash-flow turnover.

Table 1. Share of tax arrears of operating enterprises in the total amount of enterprise tax arrears.

Ko'rsatkichlar		01.01.2022	01.01.2023	01.01.2024	01.01.2025	01.01.2026	
No.	Total	Number	248 693	356 652	412 192	425 796	382 238
		Amount	7 507	8 543	11 824,7	19 410,2	30 589,0
1	Operating business entities	Number	148 049	222 282	258 772	222 773	216 813
		Share	59,5%	62,3%	62,8%	52,3%	56,7%
		Amount	3 055	4 335	6 152,8	8 559,9	12 642,1
		Share	40,7%	50,7%	52,0%	44,1%	41,3%

The data presented in the table make it possible to assess both the overall situation regarding tax arrears accumulated in the economy of Uzbekistan during 2021–2025 and the quantitative and structural position of operating business entities within this process.

The analysis shows that during the period under review, changes in the number of entities with tax arrears and the growth in the amount of tax arrears did not occur at the same rate. In particular, the total number of entities with tax arrears increased from 248.7 thousand to 382.2 thousand, representing an increase of approximately 1.54 times, while the total amount of tax arrears increased from UZS 7.5 trillion to UZS 30.6 trillion, or 4.07 times. Thus, the substantially faster growth in the amount of tax arrears compared with the number of debtors indicates that the scale of arrears at the level of individual entities has been increasing.

This situation can also be observed through the average amount of tax arrears per debtor entity. According to the calculations, this indicator increased from approximately UZS 30.2 million at the beginning of the period under review to UZS 80.0 million at the end of the period, representing a 2.65-fold increase. This demonstrates that the problem of tax arrears cannot be explained solely by an increase in the number of enterprises with outstanding tax liabilities; rather, the financial magnitude of existing arrears has also increased considerably.

The indicators relating to operating business entities reveal an even more significant structural pattern. Their share in the total number of entities with tax arrears decreased from 59.5% to 56.7% during the period under review, representing a decline of 2.8 percentage points. However, this indicator did not follow a uniform trend throughout the period: by the end of 2023, it had increased to 62.8%, before subsequently declining to 56.7%. These changes indicate that the structural composition of business entities with tax arrears underwent considerable changes during the period under review.

In this regard, attention should be paid not only to the number of entities but also to the amount of tax arrears attributable to them. Tax arrears of operating business entities increased from UZS 3.1 trillion to UZS 12.6 trillion, representing an increase of approximately 4.14 times. Nevertheless, their share of total tax arrears changed only slightly, from 40.7% to 41.3%, an increase of 0.6 percentage points. Thus, although the absolute amount of tax arrears attributable to operating entities increased substantially, the difference between their shares at the beginning and end of the period remained relatively small. This indicates that tax arrears attributable to other categories of debtor business entities also increased at a considerable rate.

A particularly significant shift in the structure of tax arrears occurred after 2023. The share of operating entities in total tax arrears decreased from 52.0% to 44.1% in 2024, representing a decline of 7.9 percentage points, and decreased by a further 2.8 percentage points to 41.3% by the end of 2025. However, it would be incorrect to interpret this decline in the share as a reduction in the amount of tax arrears among this group. On the contrary, during the same period, tax arrears attributable to operating entities increased from UZS 6.15 trillion to UZS 12.64 trillion, more than doubling. Therefore, the decline in their share resulted not from a reduction in arrears within this group, but from the fact that total tax arrears expanded at an even faster rate.

Another important aspect is that the number of operating entities with tax arrears decreased from 258.8 thousand in 2023 to 216.8 thousand by the end of 2025, representing a decline of approximately 16.2%. At the same time, their tax arrears increased from UZS 6.15 trillion to UZS 12.64 trillion, or 2.05 times. Consequently, the average amount of tax arrears per debtor entity within this group increased from approximately UZS 23.8 million to UZS 58.3 million, representing a 2.45-fold increase. This discrepancy demonstrates that a decline in the number of operating entities with tax arrears does not, in itself, imply a reduction in the fiscal risks associated with tax arrears.

Another important structural characteristic presented in the table is that, at the end of 2025, operating entities accounted for 56.7% of all debtor entities, while they were responsible for 41.3% of total tax arrears. The 15.4 percentage-point difference between their share in terms of the number of entities and their share in terms of the amount of tax

arrears indicates that the average tax debt burden among debtor entities outside this group is relatively higher. This supports the need to classify debtor entities into separate groups based on their operational status and the amount of their tax arrears, rather than applying a uniform approach to all debtors in the management of tax arrears.

Overall, the analysis demonstrates that the principal challenge associated with tax arrears during 2021–2025 was not limited to changes in the number of debtor entities. Against the backdrop of a 1.54-fold increase in the total number of debtors, the 4.07-fold increase in the amount of tax arrears indicates that the financial scale of tax arrears expanded at a substantially faster rate. A significant imbalance can also be observed between the dynamics of the number of debtor entities and the amount of their tax arrears among operating enterprises.

Therefore, when managing tax arrears, a reduction in the number of entities with outstanding tax liabilities should not, by itself, be regarded as the ultimate measure of effectiveness. It is advisable to jointly analyse and monitor the absolute amount of tax arrears, the amount of arrears per entity, the operational status of enterprises, and the groups in which tax arrears are concentrated. These indicators can serve as specific “early warning indicators” for assessing the risk of further growth in tax arrears and establishing differentiated tax collection mechanisms tailored to the circumstances of individual enterprises.

4. Conclusion and Recommendations

Based on the findings and results of the research and analysis conducted, the following conclusions can be proposed regarding the management of tax arrears:

In addressing tax arrears, it is advisable to use mechanisms that take into account the actual financial condition and solvency of enterprises, rather than relying solely on compulsory collection measures. In particular, allowing enterprises undergoing judicial rehabilitation or external management to continue making their current tax payments while providing them with the opportunity to repay existing tax arrears in equal instalments within specified periods would help ensure a balance between the fulfilment of tax obligations and the financial stability of enterprises;

Greater use should be made of the existing financial resources of debtor enterprises in the management of tax arrears. In this regard, the mechanism of recovering tax arrears from an enterprise’s accounts receivable should be regarded as an important instrument for reducing chains of indebtedness arising from mutual non-payment, accelerating the fulfilment of obligations to the state budget, and contributing to the financial stabilisation of enterprises;

When assessing tax arrears, it is necessary to consider not only the number of debtor business entities but also the actual recoverability of outstanding tax liabilities. In particular, tax arrears for which the debtor’s assets or funds have not been identified for an extended period should be classified separately, their recoverability should be assessed, and, based on established criteria, they should be recognised as uncollectible tax arrears. This would make it possible to reflect the actual status of outstanding tax liabilities more accurately and reduce excessive administrative costs associated with their management.

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