

## DIRECTIONS OF DEVELOPMENT OF EVALUATION ACTIVITY AND ITS LEGAL BASIS

Bobirjon Aktamov Mardon ugli  
Independent Researcher of Tashkent Institute of Finance  
aktamovisgunner@gmail.com

### Annotation

The article studied the tariffs given by economists to the concept of regulation of valuation activities. The necessity of regulation of valuation activities and the reasons for adapting the national standards of Yanoga valuation in the Republic of Uzbekistan to world practice are analyzed. The means of state regulation of valuation activities in Uzbekistan are analyzed in detail, directions for the further development of systems for regulating valuation activities are considered.

**Keywords:** Evaluation activities, valuation, determining the cost, valuation standards, regulation, valuation organizations, qualification certificate.

### НАПРАВЛЕНИЯ РАЗВИТИЯ ОЦЕНОЧНОЙ ДЕЯТЕЛЬНОСТИ И ЕЕ ПРАВОВАЯ ОСНОВА

Актамов Бобуржон Мардон угли  
независимый исследователь  
Ташкентский финансовый институт  
aktamovisgunner@gmail.com

### Аннотация:

В статье были изучены тарифы, данные экономистами концепции регулирования оценочной деятельности. Проанализированы необходимость регламентации оценочной деятельности и причины адаптации национальных стандартов оценки Янога в Республике Узбекистан к мировой практике. Подробно проанализированы средства государственного регулирования оценочной деятельности в Узбекистане, рассмотрены направления дальнейшего развития систем регулирования оценочной деятельности.

**Ключевые слова:** Оценочная деятельность, оценка, определение стоимости, стандарты оценки, регламент, оценочные организации, квалификационный сертификат.

### Introduction

The system of legal provision, regulation, and control of appraisal activity in the Republic of Uzbekistan is aimed at creating conditions for determining the value of property objects, and includes legal documents and standards of appraisal activity, to provide an objective assessment of the value of appraisal objects, allows to determine the value of assessment objects.

Valuation activity is an important element of property relations infrastructure. In turn, state regulation of assessment activities has a significant impact on its development. The system of regulation of assessment activities in our country is aimed at increasing the quality of assessment services based on international experience and taking into account consumer requirements.

### **Review of Literature on the Topic**

In accordance with the legislation in the field of assessment in the Republic of Uzbekistan, assessment activities are regulated by the state and self-governing bodies. The State Asset Management Agency acts as a state regulator in appraisal activities.

Russian economists and scientists say that "regulating valuation activities is a necessary condition for eliminating the current economic crisis, implementing full-fledged structural adjustments, and activating investment processes"[1].

According to the foreign economist E.D. Navrotska, the development of appraisal activities is a complex system with a dynamic environment of the market of property value appraisal services, in which the volume of appraisal services changes continuously based on supply and demand within a unit of time[2].

Economist, and member of The Appraisal Foundation (TAF) D.S. Bunton believes that today's appraisal activity classification has a separate theory and a highly organized complex, effective infrastructure and dynamic environment, a complex system that determines the value of the development of the modern economy appearing as [3].

As a professional activity, evaluation activities should respond to the current needs of the economic reforms implemented in the country, as well as take into account regional and sectoral characteristics[4].

Based on the above, it can be concluded that regulation of assessment activities is a process aimed at effective organization of assessment organizations and assessors' activities and improvement of their work quality.

### **Research Methodology**

During the research, systematic analysis, statistical groups and comparative analysis, expert assessment and other methods were used.

### **Analysis and Results**

The legal bases of assessment activity in the Republic of Uzbekistan are as follows:

- Civil Code of the Republic of Uzbekistan;
- The Law of the Republic of Uzbekistan No. 811-I of August 19, 1999 "On Evaluation Activities" defines the basic concepts and rules, subjects, and objects of evaluation activities. assessment;
- Unified national assessment standard (hereinafter - GAMS);
- other legal documents.

The Law of the Republic of Uzbekistan "On Evaluation Activities" is its main legal document. This law develops and defines the main provisions of other legislation and regulatory documents that regulate assessment activities in the Republic of Uzbekistan.

In accordance with Article 10 of this Law, the results of the evaluation may be used by persons whose balance sheet is the subject of evaluation to make corrections to the accounting and reporting information.

This right also applies to the revaluation of the value of the object of assessment. Evaluation results can be used to correct accounting and reporting information. Also, the results of the evaluation can be appealed by interested parties in accordance with the procedure established by law.

Thus, subjects of assessment activities can assess any objects, properties, types, and forms of property.

The Law "On Appraisal Activities" regulates the functions of self-management organizations of authorized bodies and appraisers, conditions and requirements for their activities and results, and rights and obligations of appraisers.

Currently, the Law "On Appraisal Activities" provides for a two-stage regulatory system consisting of state regulation of this field and management by self-regulatory organizations of appraisers (professional public associations of appraisers).

Regulation by the state is interpreted as the activity expressed by its bodies, aimed mainly at the implementation of the state policy in the field of business activity of the state, as well as the regulation of relations in the conditions of the market economy.

State regulation is carried out by the State Asset Management Agency authorized by law, whose functions are:

- development of state policy in the field of evaluation activities, legal regulation in the field of evaluation activities, development of GIS, approval of GIS development program;
- maintaining a unified state register of self-regulatory organizations of appraisers, monitoring compliance with the requirements of the Law "On Appraisal Activities" by self-regulating organizations of appraisers, self-regulating of appraisers apply to the court for the Unified state registration of the regulatory organization.

State regulation in the field of evaluation from the point of view of controlling the activities of self-regulatory organizations of evaluators, as well as professional education that certifies applicants for the title of expert of self-regulating organizations of evaluators Accreditation of educational institutions and state registration is carried out by the State Asset Management Agency.

From 2008-2021, regulation of assessment activities in our country was carried out by issuing a license. Starting from 2021, the regulation of assessment activities has undergone serious changes. It should be noted that by the Decree of the President of the Republic of Uzbekistan No. PF-6044 of 24.08.2020 "On measures to radically improve licensing and permitting procedures" on 1 January 2021 - since January, the license requirement for carrying out assessment activities has been canceled. Instead of the requirement for a license as specified in paragraph 10 of Appendix I of this decree, the following were introduced:

1. Registration as a business entity.
2. Issuance of qualification certificates to assessors.
3. Development of the mechanism of self-management with mandatory membership in self-management organizations.

An appraiser is a natural person who has an appraiser's qualification certificate issued by an authorized body by the established procedure. The procedure for issuing the evaluator's qualification certificate is determined by the Cabinet of Ministers of the Republic of Uzbekistan.

Self-regulation is a form of regulation in an economy that establishes a system of rules for doing business in a particular market and sanctions for non-compliance with these rules[5]. At the same time, the mechanisms of self-regulation and state regulation should work in cooperation, and it is fundamentally important that self-regulation should not replace state regulation, but should complement it.

Article 4 of the Law "On Evaluation Activities" is devoted to self-regulatory organizations. In accordance with the law, professional public associations of evaluators are non-governmental non-profit organizations based on the membership of at least fifty evaluators, which are active in order to help increase and maintain the professional level of evaluators and protect their professional interests, including protection in courts.

Currently, there are 3 professional public associations of assessment organizations in the Republic of Uzbekistan and they are as follows:

1. Association of evaluation organizations of Uzbekistan;
2. Society of Appraisers of Uzbekistan;

3. Society of appraisers, experts, and consultants of Uzbekistan.

Self-regulatory organizations of appraisers perform the following functions specified in the Law. Article 4 of the Law "On Evaluation Activities":

Professional public associations of assessment organizations:

participates in the development of test questions for the qualification examination of evaluators and conducts the qualification examination;

Approves the code of professional conduct of evaluators and ensures systematic monitoring of its compliance;

prepares proposals for improving the legislation on assessment activities;

admits organizations that express their desire to carry out evaluation activities as members in the prescribed manner;

maintains a register of its members and posts it on its official website;

supervises compliance by its members with the requirements of this Law, standards of evaluation activities, and other regulatory legal documents in the field of evaluation activities;

expels the evaluator organizations from membership for violations detected as a result of control and submits a proposal to the competent body to terminate the validity of the evaluator's qualification certificate that committed the violation;

organizes the information and methodological support of its members;

participates in the work of international organizations and commissions of authorized bodies on assessment activities;

ensures the monitoring of the system of training of evaluators and by the end of the year, by January 20, provides the competent body with information about the completion of training courses in training centers that provide educational services to evaluators.

The general meeting of the members of the Professional Public Association of assessment organizations is the supreme body of this public association, and this meeting is convened at least once in five years. The executive body of the evaluation organizations is elected by the higher body of the professional public association from among its members and carries out current management of the activities of the public association. (Article 4 of the Law on Evaluation Activities).

One of the most important tasks of regulating assessment activities is to improve the quality of assessment services that meet the needs of modern society.

All participants of legal relations in the appraisal market (appraisers, experts, legal entities that have concluded an employment contract with the appraiser, self-regulatory organizations of appraisers), the complex nature of the problems related to the sufficient effectiveness of the accountability mechanisms, any important steps to enter the profession The absence of a barrier, as well as a unified system of assessment methodology, requires the adoption of a program of appropriate measures.

Changes in the economy provide regulatory bodies in the field of valuation with new opportunities to clarify the basic concepts and principles of valuation, and value types, participate in international standardization practices, and analyze market data used for valuation purposes. It should be noted that the need to harmonize assessments in professional practice, accounting practice, as well as in investment and financial activities is urgent.

It is impossible to improve the quality of the results of the evaluation activity without the evaluator having special knowledge and skills, which are indicators of experience and competence. In this regard, it is envisaged to strengthen the requirements for the qualification of the evaluator, as well as for the individual

to receive the status of evaluator and expert of the self-regulatory organization of the evaluator.

In the field of monitoring the activities of evaluators and experts of self-regulatory organizations of evaluators, the priority tasks are to expand the scope of persons whose activities are controlled by self-regulatory organizations of evaluators, to ensure transparency in the procedures for applying disciplinary sanctions. It is considered that measures by self-regulatory organizations of appraisers and the accountability of these organizations to the state and consumers of appraisal services should be strengthened.

It should be noted that in international practice, the regulation and management of assessment activities are not regulated by the state, except for countries that are in the transition to a market economy, such as the Republic of Uzbekistan. In international practice, evaluation activities are regulated by public associations and/or associations specialized in evaluation activities. These public associations develop their own standards and recommend them for use by their members.

There are three groups of standards in international practice:

- 1) international standards accepted by the international community - International Assessment Standards (hereinafter - IVS);
- 2) international standards, for example, European evaluation standards (hereinafter - ESO);
- 3) national standards adopted within the framework of the legislation of a particular state and applied in its territory.

Uzbekistan's integration into the international economic community determines the need to apply international assessment standards in our country and harmonize national standards with them.

ESO (European Assessment Standards) is an assessment standard developed by the Royal Society of Certified Surveyors. National standards include assessment standards of individual countries.

The methodological basis for the standardization of evaluation activities in the world is the International Evaluation Standards (IVS) issued by the International Evaluation Standards Council (IVSC - International Evaluation Standards Council) - the former International Evaluation Standards Committee.

The International Appraisal Standards Board is a non-profit organization whose primary goal is to strengthen the appraisal profession worldwide. It works for the following purposes:

- constant improvement of the quality of international standards, as well as their introduction and application on a global scale;
- promote cooperation and collaboration of organizations that are members of the International Council on Evaluation Standards;
- ensuring cooperation with other international organizations;
- serve as the international voice of the valuation profession.

Appraisal standards are a set of basic concepts and rules for appraising the value of objects developed and adopted by the regulatory state bodies or the self-regulating professional organization of appraisers and serving as a guide for professional activity.[6]

The International Valuation Standards (IVS) are standards for the performance of valuation agreements using generally accepted concepts and principles that promote transparency and consistency in valuation practices. XBS also contributes to the formation of basic practical approaches to the activities and qualifications of professional evaluators[7].

International Evaluation Standards (IES) are constantly being improved. The first set of international evaluation standards was issued in 1985, after which the standards were updated, supplemented, and republished in 1994, 2001, 2005, 2007, 2011, 2013, and 2017. The current package was updated and entered into force in 2020. Stephen Sherman, Chair of the International Assessment Standards Board, said of the

new edition of the International Assessment Standards: “The new International Assessment Standards incorporate globally recognized assessment concepts and principles. investors rely on. Since valuation is a key function in financial decision-making, whether it is for investments or to measure performance across the financial system, modern and high-tech tools are essential to avoid avoidable risks. Set of quality assessment standards is necessary[8].

**Table 2 Structural structure of the current set of International Evaluation Standards<sup>1</sup>**

2017 edition of	2020 edition of IVS
Enter	Enter
<b>Basic concepts and terms</b>	<b>Basic concepts and terms</b>
General rules	General rules
General standards	General standards
IVS 101 Assessment Task	IVS 101 Assessment Task
IVS 102 Research and Studies in Evaluation	IVS 102 Research and Studies in Evaluation
IVS 103 Assessment Report Requirements	IVS 103 Assessment Report Requirements
IVS 104 Bases of Evaluation	IVS 104 Bases of Evaluation
IVS 105 Evaluation Approaches and Methods	IVS 105 Evaluation Approaches and Methods
<b>Standards for types of assets</b>	<b>Standards for types of assets</b>
IVS 200 Businesses and interests in them	IVS 200 Businesses and interests in them
IVS 210 Intangible Assets	IVS 210 Intangible Assets
IVS 300 Machinery and equipment	IVS 220 Non-financial liabilities
IVS 400 Rights to real estate	IVS 300 Machinery and equipment
IVS 410 Real estate under construction	IVS 400 Rights to real estate
IVS 500 Financial Instruments	IVS 410 Real estate under construction
	IVS 500 Financial Instruments

From the information in the table, we can see that in the last edition of IVS in 2020, the standard called IVS 220 "Non-financial liabilities" was included in the collection. Non-financial liabilities under this standard include:

- Obligations related to nature, environment;
- Obligations for customer attraction programs;
- Obligations for return of goods;
- Reserves for certain probable expenses;
- Indemnity and warranty obligations, etc.

One of the most advanced standardization systems is the European system developed by TEGoVA (Group of European Valuers Associations) and approved by the Economic Commission for Europe of the United Nations. TEGoVA members are professional organizations of evaluators from EU countries, as well as professional associations of Central and Eastern Europe.

It should be noted that ESO (European Valuation Standards) mainly focuses on valuation in order to prepare financial and accounting reports in accordance with accepted European legislation. They are advisory in nature and have been agreed with the HBS. The ESO (European Evaluation Standards) details some of the provisions of the IBS and provides explanations when there are differences in the presentation of some of

<sup>1</sup> Author development

them.

In 2012, in order to support the measures of the European Union to stabilize the financial and real estate markets, TEGoVA developed the European standard for real estate valuation in 2012 [9].

The United States Uniform Standards of Professional Appraisal Practice (USPAP) is the most advanced of the national appraisal standards in the world practice of appraisal.

USPAP includes:

— conditions to be observed when conducting an assessment, checking an assessment report, or providing consulting services;

— procedure for implementation of assessment, audit, or consulting services.

Evaluation activities are regulated by 10 standards. Standards 1 and 2 define the cost estimation process. Standard 3 sets out standards for the review of assessment reports and reporting based on these standards. Standards 4 and 5 are aimed at developing and summarizing the advisory functions of the appraiser in the evaluation of real estate and real estate. Standard 6 defines the necessary criteria for the development and reporting of public valuation results for real estate or other types of property taxation purposes. Standards 7 and 8 establish standards for developing and summarizing personal property valuations. Standards 9 and 10 set standards for developing and summarizing business valuations.

Standards include a statement of assessment standards issued by an assessment standards committee to clarify, interpret, interpret, or develop standards or provisions of standards. Explanatory comments are an integral part of the uniform standards and should be considered as interpretations of the rules, definitions, and provisions of the standards. Commentaries The Value Standards Board (VSB) provides comments on the requirements and application of certain provisions, definitions, or provisions of the standards.

Ethical obligations play an important role in the evaluator's activity. The standards include explanatory notes and begin with ethical statements that cover four sections (conduct, governance, confidentiality, and conduct) and define requirements for honesty, objectivity, independence of decision, and ethical behavior. In addition, these standards include competence rules that place direct responsibility on the evaluator until a decision is made. Definitions for these standards are also included. Standards contain mandatory and specific requirements, to which limitation rules apply under certain limited conditions.

These specific terms do not contain any deviations from the preamble, the rules of conduct, the rules of authority, and the definitions.

It should be noted that in addition to the 10 USPAP standards, there are also standard documents that serve to simplify, interpret, clarify, or improve USPAP. Along with the rules of the standards, the documents are mandatory. The Appraisal Standards Board also publishes advisory opinions that provide advice on how to resolve controversial issues in the application of USPAP in appraisal practice. Since its 1994 edition, USPAP has also included a glossary of all valuation terms.

In the Republic of Uzbekistan, the special standards of evaluation activities were first developed in 2006. The Unified National Appraisal Standard (UNAS) is the basic concepts and rules for the valuation of objects developed on the basis of the provisions of the Law of the Republic of Uzbekistan on Appraisal Activities and adopted by state control bodies and self-governing organizations. 'package and to serve as a guide for the management and professional activities of professional organizations of appraisers.

The system of evaluation standards consists of the Unified National Evaluation Standard of the Republic of Uzbekistan and the standards of rules of self-regulatory associations of evaluation organizations. Currently, the unified national valuation standard of the Republic of Uzbekistan consists of 13 Property Valuation Standards (PAS), which are listed in Table 1 below.

**1-jadval<sup>2</sup>Property Appraisal Standards (PAS)**

Number	Naming
№1	Principles, terms and definitions used in evaluation activities
№2	Assessment task
№3	Studies and analyzes conducted during the evaluation process
№4	Compile the evaluation report
№5	Evaluation bases
№6	Assessment approaches and methods
№7	Evaluation of the business and the right to participate in the business
№8	Valuation of real estate
№9	Valuation of intangible assets
№10	Valuation of inventory
№11	Appraisal of machinery and equipment
№12	Evaluation of the state housing fund for the purpose of privatization
№13	General requirements for internal rules of quality control of evaluators' work

### Conclusions and Suggestions

Based on the analysis, it is appropriate to determine the following measures and recommendations to increase the efficiency of the evaluation services market in our country:

- 1) based on the high importance of the evaluation services market in ensuring the economic development, it is necessary to ensure the implementation of the adopted normative legal documents, to seriously monitor its implementation;
- 2) to introduce a system of regular training of evaluators and to support and encourage them in obtaining international certificates;
- 3) It should be aimed at further harmonizing property valuation standards of the Republic of Uzbekistan with international standards, as well as critical analysis and use of the international experience gathered in the field of state regulation of valuation activities;
- 4) in order to increase the role of the evaluation services market in the national economy, fully apply advanced foreign experiences to the evaluation services market of Uzbekistan, approach the training system of qualified specialists based on the idea of creating a single structure, revise the industry based on the requirements of the digital economy It is desirable to improve the existing legal framework that regulates research and evaluation activities.

### References:

1. Козырев А.Н., Макаров В.Л., «Особенности оценочной деятельности применительно к условиям новой экономики» Москва 2003
2. Nawrocka E., 2018, Income Risk in Property Valuation for Loan Security Purposes, Real Estate Management and Valuation, vol. 26, no. 2, pp. 12-22. DOI: 10.2478/remav-2018-0012
3. David S.Bunton, The Appraiser Regulatory System in the United States //Information Technology & Management . Jun2019, Vol.15 Issue 2, p168-182

<sup>2</sup> B.M. Aktamov "Features of national and foreign practice of state regulation of assessment activities" Article. Economy and Education No. 3 (2022) <https://cedr.tsue.uz/index.php/journal/article/view/531>[10]



4. International Valuation Standards IVS -2017. IVSC, 2017.- 115 p
5. <https://cedr.tsue.uz/index.php/journal/article/view/531>
6. Финансово-кредитный энциклопедический словарь. М.: Финансы и статистика. Под общ. ред. А.Г. Грязновой. 2020
7. Xalqaro Baholash Standartlari(IVS) 2020
8. Саттарова Н. А. Правовые аспекты государственного регулирования банковской деятельности // Банковское право. 2010. № 2. С. 25.
9. Смагина И. А. Предпринимательское право : учеб, пособие. 3-е изд., испр.и доп. М., 2008. С. 136; Предпринимательское право Российской Федерации : учебник /под ред.
10. В.М. Aktamov "Features of national and foreign practice of state regulation of assessment activities" Article. Economy and Education No. 3 (2022) <https://cedr.tsue.uz/index.php/journal/article/view/531>
11. 19.08.1999 of the Republic of Uzbekistan. Law No. 811-I "On Evaluation Activities". <http://lex.uz/>
12. Resolution No. 805 of the Cabinet of Ministers of Uzbekistan dated December 23, 2020 "On approval of the administrative regulations for the provision of state services on conducting the qualification examination of appraisers and realtors and issuing them with a qualification certificate".
13. Unified National Assessment Standard of the Republic of Uzbekistan registered on 04.06.2020, list number 3239 <http://lex.uz/>
14. Aminova N. U. Development of foreign economic activities in the republic of uzbekistan through attracting foreign investment //Asian Journal of Multidimensional Research. – 2021. – Т. 10. – №. 8. – С. 216-221.
15. Salohiddin o'g'li A. M. IMPROVING THE DEVELOPMENT OF RENEWABLE ENERGY RESOURCES PROJECTS //PEDAGOG. – 2023. – Т. 6. – №. 2. – С. 486-495.
16. Alikulov Mekhmonali Salahiddin ugli. (2022). Distinctive Features of Development and Management of Renewable Energy Resources Projects. Texas Journal of Engineering and Technology, 15, 25–30. Retrieved from <https://zienjournals.com/index.php/tjet/article/view/2952>