
TAX SYSTEM OF THE REPUBLIC OF UZBEKISTAN: A COMPREHENSIVE OVERVIEW

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ABSTRACT: - This article provides a comprehensive overview of the tax system of the Republic of Uzbekistan. The tax system plays a crucial role in the economic development of any country, and Uzbekistan is no exception. The analysis covers various aspects of the tax system, including its structure, key tax types, tax administration, and recent reforms.

The tax system of Uzbekistan is characterized by a mix of direct and indirect taxes. Direct taxes include personal income tax, corporate income tax, and property tax, among others, while indirect taxes consist of value-added tax (VAT), excise tax, and customs duties. Each tax type is examined in terms of its scope, rates, and applicable regulations.

The article delves into the tax administration framework in Uzbekistan, highlighting the roles and responsibilities of key institutions such as the State Tax Committee and local tax authorities. It explores the tax registration process, tax filing and payment procedures, and the enforcement mechanisms in place to ensure compliance.

Furthermore, the article discusses recent tax reforms undertaken by the Uzbekistan government. These reforms aim to create a more business-friendly environment, attract foreign investment, and stimulate economic growth. Specific reforms addressed include simplification of tax procedures, reduction of tax rates, and the introduction of electronic tax reporting systems.

The analysis also considers the challenges and opportunities within the tax system of Uzbekistan. It examines the efforts made to combat tax evasion, promote transparency, and enhance taxpayer services. Additionally, it assesses the potential impact of ongoing global tax developments, such as the OECD's Base Erosion and Profit Shifting (BEPS) initiative, on the country's tax system.

KEY WORDS: - Tax system, Republic of Uzbekistan, OECD's Base Erosion, Profit Shifting (BEPS).

INTRODUCTION

As long as the state and society are organized, taxes are valid as a source of financing. Taxes in the Republic of Uzbekistan are determined by the Tax Code and other statutory acts. According to Article 11 of the Tax Code, the tax system is unified throughout the territory of the Republic of Uzbekistan.

According to the opinion of scholars economists A.Vakhabov, and A.Juraev about the economic nature of taxes, the economic life of society consists of very complex economic phenomena, and

this complexity directly applies to taxes, which requires a deep understanding of the economic nature of taxes .

The economic nature of taxes is characterized by financial relations between the state and legal entities and individuals. These financial relations have a social character and serve to mobilize funds at the disposal of the government.

Currently buying real estate is a popular investment among people in all countries. However, not everyone considers the tax burden on the purchased real estate object.

In many countries, property tax falls into local budgets and plays an important role in their formation.

The study of foreign practice illustrates that the real estate taxation system has been successfully implemented in most countries for a long time and serves to ensure the independence of the local budget.

The Tax Foundation has published a new report on real estate taxes among the member countries of the Organization for Economic Cooperation and Development (OECD) for 2022 . The survey has been conducted on the tax policies of 38 countries. Estonia has been a leader in terms of the minimum rate for real estate tax, and the highest taxes are recorded in large western countries - Italy, Spain, Switzerland, France and Great Britain.

Real estate as an object of economic relations and taxation can be used not only to obtain income from its sale or exchange, but also as a source of income from direct ownership or use. If real estate is used as a commodity, then the proceeds from its sale are subject to profit or income tax.

Based on the considerations specified above, in improving the mechanism of taxing real estate objects it is crucially important to do research in such focus areas as clarification of the real estate category, simplification of the taxation system, implementation of modern methods of taxation of real estate objects, insufficient level of collection due to inefficiency of local tax and levy administration mechanisms, as well as full accounting and objective determination of real estate and land plots.

Before presenting the best practices of foreign countries in the taxation of real estate objects and the prospects of their use in our country, the existing problems of improving the taxation mechanism and possible ways to solve them, we will focus on the issues related to their role and weight in the state budget.

Regulation of the economy by the government through taxes, in particular, in the taxation of real estate objects, makes an impact on the development of one or another processes in society by formulating the state budget and local budget revenues. Tax revenues are the source of economic independence of the government.

We analyze the tax system of the Republic of Uzbekistan, as well as the share of property and land taxes in the gross domestic product. By the end of 2022, the GDP constituted 888300 billion UZS and the total tax revenue accounted for 148388.2 billion UZS(16.7% of GDP) (Table 1).

Table 1.

Information on tax revenues in relation to GDP for 2018-2022

Billion UZS

№	Indicators	2018	2019	2020	2021	2022
1	GDP	406 648	529 391	602 551	734 588	888 300
2	Budget revenues	79 100	112 200	132 900	164 700	202 000
3	Tax receipts	54 208,8	83 323,9	103 561,7	127 970	148 388,2

According to the data presented in Table 1 above it is obvious that budget revenues accounted for 79.1 trillion UZS (19.5 percent of GDP) in 2018,

112.2 trillion UZS in 2019 (21.2 percent of GDP), 132.9 trillion UZS (22.1 percent of GDP) in 2020. In 2021 this figure constituted 164.7 trillion UZS (22.4 percent of GDP), and in 2022 it amounted to 202.0 trillion UZS (22.7 percent of GDP).

As we all know, tax receipts play an important role in budget revenues.

In 2018 tax receipts accounted for 54,2 trillion UZS (68,5 percent of budget revenues), in 2019 tax receipts constituted 83,3 trillion UZS (74,2 percent of budget revenues),in 2020 tax receipts amounted to 103,5 trillion UZS (74,9 percent of budget revenues), in 2021tax receipts accounted for 127,9 trillion UZS (77,6 percent of budget revenues), and in 2022 this indicator constituted 148,3 trillion UZS

(71,0 percent of budget revenues).

From the above table, we can see that the tax receipts in the budget revenues are increasing year by year. Just one example, tax revenues in 2020 almost doubled compared to 2018.

Above we have analyzed 5 year-period of tax revenue growth, looking at these revenues from 2000 to 2022. The figure below shows of tax receipts for 23 years (Figure 1).

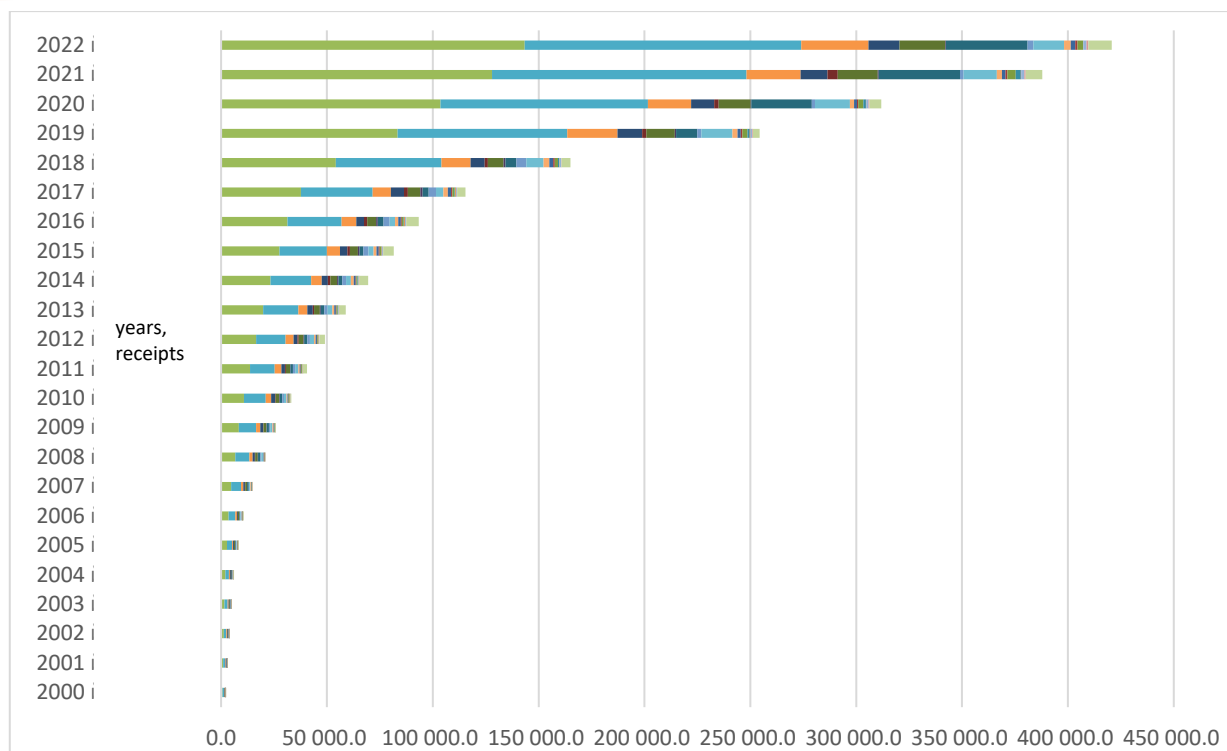


Figure 1. Data on tax receipts on budget revenues by republic .

We can see from this figure that tax receipts are increasing year by year.

In 2000, the tax receipts accounted for 713.7 billion UZS, and in 202, this figure accounted for 148388.2 billion UZS, or 200 times more than in 2000.

Among tax revenues, property and land taxes are also increasing year by year. Despite the fact that the property tax rate is reduced year by year in our republic, the tax receipts are increasing as a result of the improvement of the tax mechanism and administration, inclusion of unaccounted objects.

In 2018-2022 in the land tax of legal entities there was an increase in the tax receipts, but the tax receipts decreased due to the transition to land tax by enterprises producing agricultural products.

For information, until January 1, 2020, agricultural enterprises paid a single land tax instead of all taxes and other compulsory payments.

The increase in property and land tax from year to year is the result of the automation of tax reports, the least minimum value included in the buildings and structures that are real estate objects, the accounting of real estate objects that were not taken into account as a result of integration with the Cadastre Agency, and the reforms being implemented in the tax administration.

Receipts from property and land taxes are also increasing in resource taxes (Figure 2).

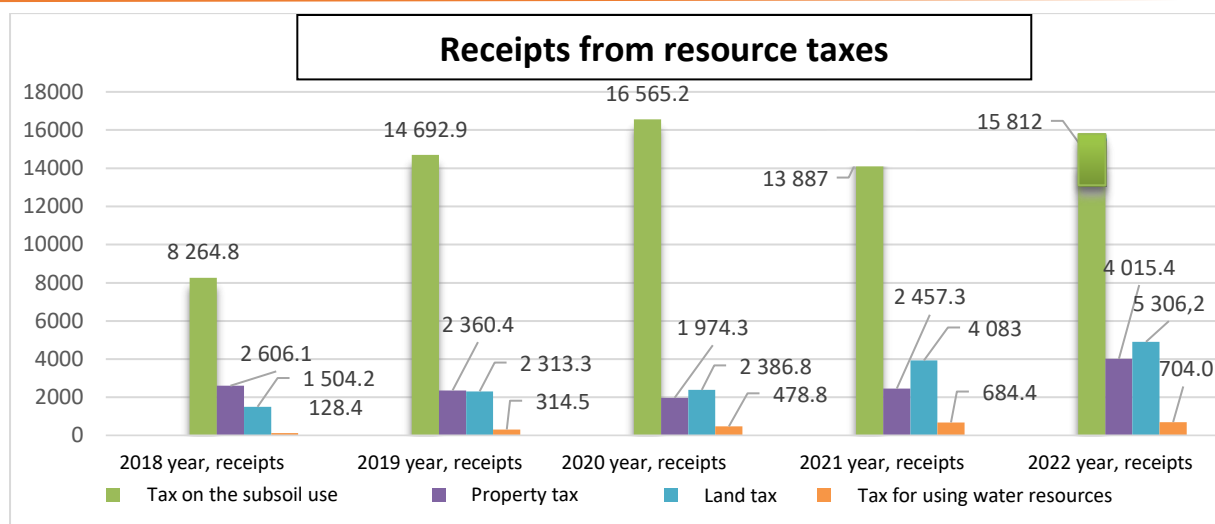


Figure 2. Data on tax receipts on budget revenues by republic

The tax on the subsoil use accounts for the majority of revenue from resource taxes. In 2021-2022, we may see a decrease in revenue for this type of tax.

If property and land taxes are considered among taxes of insignificant fiscal importance in Uzbekistan, we can see that tax revenues from them have increased significantly in the next two years.

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