

TAX AND TAXATION ISSUES IN UZBEKISTAN

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Abstract:

The article discusses the theoretical aspects of taxes. The priority directions of tax policy of Uzbekistan are described. Priority areas for improving tax policy are proposed to increase the competitiveness of the national economy.

Keywords: national economy, theoretical aspects, taxes

Introduction

In the context of deepening market relations and economic liberalization, tax policy plays an important role. In turn, this is closely related to the need for its purposefulness.

Tax policy, being an integral part of the country's budget policy, serves to form the budget revenue base and is closely interconnected with the global economic policy of the state. That is why, within the framework of economic policy aimed at creating a market economy and its integration into the world economy in the Republic, a flexible tax policy is being pursued.

It is aimed at socio-economic development, strengthening economic stability, growth in production volumes and development of the real sector of the economy, stimulating investment in the economy, creating favorable conditions for carrying out activities in the field of small medium-sized businesses. One of the important tools for influencing the economy is taxes. With their help, the state raises funds to meet public needs, stimulates priority types of entrepreneurship, and solves urgent social problems.

Methods and methodology. The modern tax system is a product of the long development of world civilization. The appearance of taxes is associated, first of all, with the formation of statehood. Chronicle sources from such ancient states as Egypt, Athens, Rome and others indicate the widespread use of various types of taxes and all kinds of payments.

Uzbekistan also has a rich history of taxation. Since the time of the Arab conquest, such taxes as “zhuzya”, “hiroj”, “wazifa”, “zakot” and others were levied on the population. In conditions of feudal fragmentation, these taxes increased, became stricter, were farmed out to tax collectors, gradually losing their economic function, and turned into a tool for personal enrichment. The increase in the number of ill-conceived taxes and their collection led to a deterioration in the living standards of large sections of the population and social explosions. The role of taxes as a financial instrument for ensuring state power, a mechanism for regulating the economy and social issues, with the development of commodity-money relations, became increasingly stronger.

Discussion



Since gaining independence, Uzbekistan is gradually mastering and creating its own system of tax regulators, which is one of the most important characteristics of any sovereign state. Taxes, like the entire tax system, are a powerful tool for managing the economy in market conditions.

As noted by the President of the Republic of Uzbekistan Shavkat Mirziyaev: “The main idea of the new Tax Concept being implemented since 2019 is to reduce the tax burden, introduce a simplified and stable tax system and through this, increase the competitiveness of our economy, create the most favorable conditions for entrepreneurs and investors.”

As is known, lowering tax rates or eliminating certain taxes leads to a reduction in budget revenues. This can be prevented through effective tax administration, as well as ensuring fiscal sustainability, which is our top priority.

It is taxes that make up the revenue portion of the state and local budget of the country, thus being the main source of state revenue. But taxes, being an instrument for the formation of state monetary funds, represent a form of alienation of funds of legal entities and individuals to budgets of various levels or to extra-budgetary funds. Accordingly, taxes influence the conditions and results of economic activity of enterprises.

Therefore, we believe that the study of tax payments, types and their characteristics, as well as ways to optimize them, is relevant.

Taxes are the main source of budget formation. They represent the portion of the gross domestic product (GDP) created in the production process using human labor, capital and natural resources. The state, as a rule, has little ownership of the means of production, so the formation of the budget occurs by withdrawing part of GDP from other participants in the production process. Thus, the withdrawal by the state for the benefit of society of a certain part of the value of the gross domestic product in the form of a mandatory contribution constitutes the essence of the tax.

Ideas about taxes have changed over the centuries. As tax theories developed and improved, views on the understanding of the term “tax” evolved. Scientists and public figures have constantly made attempts to define tax not only from an economic point of view, but also from a legal point of view.

Taxes are legally established unilaterally mandatory payments to the budget by the state, made in certain amounts and of an irrevocable and gratuitous nature.

In accordance with Article 23 of the Tax Code of the Republic of Uzbekistan, “taxes are understood as mandatory cash payments to the budget established by this Code, levied in certain amounts, of a regular, irrevocable and gratuitous nature.”

In accordance with the Tax Code, “other obligatory payments are understood as established by this Code obligatory monetary payments to state trust funds, customs payments, as well as fees, state duties, the payment of which is one of the conditions for the commission of legally significant actions in relation to payers by authorized bodies and officials, including the granting of certain rights or the issuance of licenses and other permits.”

The economic content of taxes is that they represent part of production relations for the withdrawal of a certain share of income from business entities, citizens, which is accumulated by the state to carry out its functions and tasks.

Payments are often selective in nature; not everyone pays them, but only those payers who use in their activities something that is not their property. Taxes are universal.

According to the degree of competence of authorities at various levels regarding the establishment of the implementation of taxes, as well as their use, they are distinguished: national and local taxes. According to the economic characteristics of the object, all taxes are divided into income taxes, consumption taxes and property taxes.

Based on the nature of their reflection in accounting, taxes are distinguished:



- included in costs (land tax, property tax);
- included in the price of products (VAT, excise tax);
- paid from profits (income tax);
- withheld from employee income (income tax). Indirect taxes traditionally include value added tax, excise tax, import customs duties, as well as turnover tax and sales tax, which are not typical for Uzbekistan.

“The essence of indirect taxes is that the state obliges the person selling the goods (works, services) to pay a certain amount from this sale, including this amount in the price of the goods (works, services). As a result, it turns out that although the legal payer of these taxes is the seller of the goods (works, services), ultimately they are paid by the buyer, since the amounts of these taxes are included in the price of this product.”

Thus, through the pricing mechanism, the tax is transferred from the taxpayer-seller to the buyer, who actually bears the tax burden. Therefore, such taxes are called taxes on consumption or “taxes on expenses,” while the so-called direct taxes are taxes on acquisitions or taxes on income.

In achieving high rates of economic development, the role of reforms carried out in the tax system is great. The main goal of the ongoing reforms in the country is the formation of an effective tax system that meets the requirements of a market economy. The President of the Republic of Uzbekistan Shavkat Mirziyayev speaks about this: “Today the task of each of us, and first of all the heads of government bodies, based on a critical analysis of the state of affairs in the relevant areas and industries, is to responsibly ensure the implementation of the tasks assigned to us.”

In modern conditions of transition to qualitatively new relations, when there is a large-scale implementation of reforms in various spheres of the country’s socio-economic life and the improvement of finances, the implementation of changes in various vectors of reform of the corporate finance system of the Republic of Uzbekistan, which are occurring at the most intensive pace, is of exceptional importance. Consequently, under the influence of this reform process, the economic environment, financial and social policies of the country undergo significant changes.

Thus, the successful implementation of the proposed measures to increase the role of effective tax policy measures in ensuring the modernization of the tax system and maintaining sustainable economic growth will improve the efficiency of the tax authorities.

In the Decree of the President of the Republic of Uzbekistan No. UP-4947 dated February 7, 2017 “On the Action Strategy for the further development of the Republic of Uzbekistan”, five priority areas are defined as “continuing the course to reduce the tax burden and simplify the tax system, improving tax administration and expanding appropriate incentive measures ”

Fulfilling these tasks requires improving the scientific and methodological foundations for organizing tax relations in corporate finance management. In addition, Decrees of the President of the Republic of Uzbekistan No. UP-4720 dated April 24, 2015 “On measures to introduce modern methods of corporate governance in joint-stock companies”, No. UP-5116 dated July 18, 2017 “On measures to radically improve tax administration, increase collection of taxes and other obligatory payments”, No. PP-2454 dated December 21, 2015 “On additional measures to attract foreign investors to joint-stock companies”, as well as other regulatory documents, identified tasks aimed at organizing financial and economic activities corporate structures, emerging tax relations, to increase the degree of tax collection.

The relationship between the state and the taxpayer cannot exist without certain bilateral compromises, which is expressed in legislative protection to a greater extent of one side and the search for options to reduce payments on the other. The stricter the tax legislation, the closer the connection between tax planning methods and the “shadow” economy: between the transparency of government spending for the taxpayer and the openness of society and the volume of tax revenues.



Conclusion.

As is known, taxes, their calculation and payment procedure are strictly regulated by the state unilaterally through tax legislation. Enterprises must comply with these standards and at the same time take into account their own interests in accordance with plans, strategy, changing conditions and environmental factors.

We propose the following changes:

1. New definition of taxes, payments and deductions:

1.1. Taxes are payments for public indivisible services financed from the state budget.

1.2. Payments and deductions are payments by the taxpayer for specific individual services provided to him by the state free of charge or with the participation of budgetary funds, including the provision of rights to use labor, land and water, plant, animal resources, subsoil, etc.

2. Introduce maximum tax burden standards for each group of taxes and mandatory payments.

3. Enter the indicator “profit from sales” into Form No. 2 of the “Income Statement” and exclude the concept of “period expenses”.

4. Instead of tax benefits, switch to differentiated tax rates and mandatory payments by sector of the economy.

5. Harmonize taxation with pricing and pricing policy of the state (in relation to wages, prices for raw materials, energy, etc.)

6. Create economic conditions when not only entrepreneurs, but also engineers, farmers, production workers, office workers, scientists and other personnel will join the “middle class” (at the same time according to official income).

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