

## Economic Nature of Excise Tax and Its Role in Budget Revenue

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**Abstract.** The economic nature of the excise tax is manifested by attracting more funds in order to ensure budget revenue. Excise tax is reflected in the increase of payment capabilities of the main consumers.

**Key words.** Excise tax, indirect tax, budget, revenue, consumer, payment tax rate, population, physical person, state, tax system, tax policy.

Depending on the economic nature, taxes are divided into direct and indirect taxes. The legal payers of indirect taxes are shippers of products (works, services). But those who actually pay the tax burden to the budget are consumers of goods, works, services, that is, all indirect taxes fall directly on consumers. These taxes are added to the cost of the product (work, service). Indirect taxes, especially excise taxes, are an important component of the tax system. Initially, when the tax system was created, direct taxes were formed, and later, after the expansion of the state's tasks, indirect taxes appeared and began to be applied, in particular the excise tax.

Excise tax is essentially a type of indirect taxes included in the price of a product and paid by the end consumer. Excise tax differs from VAT in that it is added to the price of a certain limited type and group of goods.

“Excise” comes from the French (accision) and Latin words (accidyere), which means “to cut off.”

Excise tax is a form of levying part of the cost of loaded goods, which is taken into account in the base and price of value added tax, as an indirect tax to the budget.

Its socio-economic essence is expressed and improved only depending on the level of distribution.

The economic essence of the excise tax is manifested in satisfying the interests of the national economy by ensuring budget revenues and attracting additional funds, and its social essence is in increasing the solvency of the population, that is, the main consumers. his expression. This is reflected in the reduction of excise tax items (excise goods), lower tax rates, and increased solvency of the population. It should also be noted that the subjects naturally act as consumers of excise tax.

In Uzbekistan, excise tax was introduced in 1992 along with value added tax instead of turnover tax and sales tax. Its difference from value added tax is that it is limited to certain goods and products and does not apply to work performed and services provided. Excise tax is individual in nature and

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applies only to excisable goods. This is the Law “On Taxes on Enterprises, Associations and Organizations”, adopted on February 15, 1991, which is a tax legislation document regulating the tax.

Objectives of excise tax.

When explaining the meaning of excise tax, it is important to know the following tasks that it performs:

- is one of the important sources of revenue for the country's budget. As in all countries at the stage of development of the tax system, our country has the ability to quickly and easily collect revenue through excise taxes.

- regulation of supply and demand within a certain market by limiting the consumption of excisable goods (mainly socially harmful goods). By managing the scale of economic growth, the state ensures flexibility of aggregate supply and demand by determining the list of excisable goods;

- the state's obligation to protect the national market is ensured through an excise tax, for which high tax rates are used;

- excise tax acts as a progressive taxation of a monopoly manufacturer or a specific type of product;

- excise tax is a method of retaxing the income of the rich and wealthy segments of the population. Since excise tax is mainly applied to prestigious (expensive) goods, the main consumers of such goods are rich people.

**Features of excise tax.** Excise taxes often arise when the selling price of a product is high and constant compared to the cost of production, for example, vodka, tobacco, coffee, cottonseed oil, etc. If the state does not enforce these features through excise taxes, then producers of excisable goods will have high profits without providing the corresponding service.

Excise taxes are imposed on goods considered unnecessary for public consumption - alcohol, tobacco products and gasoline. With their help, the government, on the one hand, stops the sale of goods that are harmful to human health, society and the environment (tobacco, wine, vodka, gasoline, etc.), and on the other hand, collects funds for financial compensation. damage caused to society as a result of the sale of these goods.

The excise tax, like all indirect taxes, fully fulfills the fiscal function of the tax, that is, it provides the budget with very good funds.

Excise taxes are also used in the process of setting prices for natural monopolies (gas, oil, etc.). Since January 2019, in accordance with amendments to the Tax Code, taxes on gasoline, diesel fuel and gas have been abolished.

At the same time, the excise tax included a tax on the use of gasoline, diesel fuel and gas.

The following are exempt from excise tax:

- 1) sale of excisable goods for export (in customs export procedures), with the exception of certain types of excisable goods;

- 2) release excisable goods produced from goods placed under the customs procedure of processing on the customs territory, subject to their subsequent export from the customs territory of the Republic of Uzbekistan;

- 3) sale of liquefied gas to the population for domestic needs through specialized gas supply enterprises;

- 4) the following excisable goods into the customs territory of the Republic of Uzbekistan:

- import as humanitarian aid in the manner determined by the Cabinet of Ministers of the Republic of Uzbekistan;

- import through states, governments, international organizations for the purpose of charitable assistance, including technical assistance;



- import at the expense of debts of international financial institutions and international debts of government organizations, if the law provides for tax exemption for their import;

5) import of excisable goods into the customs territory of the Republic of Uzbekistan by individuals within the framework of the norms for the import of non-taxable goods. The highest standards for the import of tax-free goods into the territory of the Republic of Uzbekistan by individuals are determined by law;

6) technical means of the system of operational search measures, received by a special body for certification of technical means of the system of telecom operators and operational search measures, with written confirmation from the authorized state body.

7) for natural wine products (except for glass containers) sold in tasting areas (places) organized by producers in tourist areas.

**Conclusions and offers.** Based on the analysis of issues related to improving the administration of excise tax, several conclusions can be drawn: One of the main problems of excise tax administration is the complexity of the procedures for both taxpayers and tax authorities. Simplifying processes and requirements results in increased compliance and reduced administrative burden. Strengthening monitoring and enforcement mechanisms will help curb tax evasion and illegal trade in excise goods. The use of advanced technology and data analytics can improve tax administration and increase revenue collection. Clearly defined tax rules are essential for effective tax administration.

To effectively manage excise tax, it is necessary to improve the skills and qualifications of tax authorities. Well-trained staff are able to resolve complex tax issues and ensure fair and transparent tax calculations. Based on these findings, the following suggestions are made to improve excise tax administration: A comprehensive review of current excise tax laws and regulations to identify areas for improvement and clarification. Strengthening advanced technology and data analytics to improve tax administration capacity and more effectively detect tax evasion.

Organize regular training and development programs for tax authorities to improve their skills and knowledge. Develop a risk-based approach to tax audits and enforcement to focus on high-risk areas and improve compliance. Establishing a feedback mechanism to allow taxpayers to express their views and opinions on tax administration issues, which will lead to more efficient tax collection, reduction in tax evasion and enhanced enforcement among taxpayers.

The main function of the excise tax is to collect funds, that is, it fully fulfills the fiscal function. As the processes of a market economy develop, the excise tax begins to perform other tasks in addition to the fiscal function. The government primarily relies on excise tax to regulate the economy and develop and protect the domestic national market. Through an excise tax, a government can import or export more goods into a country and accomplish tasks that are the opposite.

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