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Tax policy of Uzbekistan and its main directions

Shakhzod Abduvakhobov
Samarkand Institute of Economics and Service, Samarkand, Uzbekistan

Annotation: This article describes tax policy and its main directions in the conditions of economic reform, directions of tax policy development, tax policy aimed at optimizing tax benefits, current problems of tax policy modernization, and the procedure for ensuring financial stability of small business and private business entities.
Keywords: tax, tax policy, tax system, entrepreneurship.

The currently formed tax system (list of main taxes, basic principles of tax base construction, proportional, progressive and regressive taxes, etc.) generally creates a great opportunity to develop a unified tax policy and build a stable revenue base for the budget. It concentrates the main force on the formation of the income base of the budget on direct taxation, and allows to radically modernize the direction of taxation on various elements of the tax system. But at present, these opportunities are not only not being used, but are also being consistently limited. Within the framework of the tax system, there are misunderstandings and conflicting opinions that reduce its effectiveness, they affect economic activity even in the conditions of moderate inflation, and the available opportunities are not fully used.

Based on the existing tax structure, it can be observed that the main part of the budget revenues is formed at the expense of direct taxes, first of all, income tax of legal entities. But during 2005, indirect taxes continued to play a major role in the formation of budget revenues. But during 2005, indirect taxes continued to play a major role in the formation of budget revenues [1]. For example, in 1992, it accounted for 34% of all tax revenues, and VAT and excise tax reached 50%. In 2006, budget revenues returned to the pattern of 2005, as income tax did not become the main source of budget tax revenues. In such conditions, the indirect tax performs more of a fiscal function than a regulatory one, the main tax mechanism for stimulating economic activity does not work [2]. There is a tendency to deliberately increase the fiscal burden. In particular, the difference between the realized advance payments and the amount calculated on the basis of the actual taxable base needs to be adjusted to the Central Bank interest rate, that is, the budget and credit relations of economic entities are formalized with the payment of appropriate interest. If it were possible to predict indirect taxes with some degree of reliability, such a pressing issue would not arise.

Even in the conditions of small changes in the exchange rate, uncertainty of payments by customers, the reliability of any forecasts is not high. As a result, the implementation of the mentioned measures will encourage enterprises to increase the advance payment and thereby credit the state budget. In the conditions of lack of working capital and their rapid devaluation, this measure is hardly compatible with strengthening the financial stability of the development of small business and private entrepreneurship entities.

The instability of tax legislation seems to be the biggest damage to the existing tax system. Laws adopted during 1992-2005, amendments to them, issued guidelines almost led to a revision of the tax procedure [3]. In these conditions, it is difficult to talk about any investment projects being encouraged by taxes.

In 2000-2006, a significant increase in indirect taxes in revenues to the budget occurred mainly due to the fines imposed on enterprises for not paying taxes on time. This was known in advance due to the artificial reduction of the taxable base in tax accounts [4]. Since 2007, the revision of the taxable base, including tax calculations, has become more systematic.

In 2000-2006, the redirection of the budget's revenue base to direct taxation on a significant scale did not directly succeed. The use of indirect taxation to stimulate the revenue base of the budget is limited by the solvency of entities, which is related to the nature of the collection of this taxation. This appearance acts as a limit to its use.

It is clear from the world experience that the tax system built on the basis of indirect taxes ensures the stability of revenues to the budget and its less dependence on the nature of the economic conjuncture [5]. Indirect taxes form a stable and broad base of budget formation, any small increase of which has a significant impact on budget revenues. Thus, indirect taxes have qualities such as universality and have almost no effect on the relative specific positions of economic sectors.

But in the conditions of price changes, it does not have a significant effect on the interest of small businesses and private entrepreneurs to increase or decrease production, where the price factor has a great advantage. Due to the extreme elasticity of our country's economy, indirect taxes could not fulfill the role of demand limiter. Indirect taxes are significant for the manufacturing enterprise only in case of a very high level of market saturation, when the consumer responds to the increase in the price of goods by reducing consumption, and the producer responds to the decrease in price by expanding production.

Low price elasticity is characteristic of our country's economy in general, and it is connected with the characteristics of reproduction of a number of components of our economy (predominance of low-income population intended to purchase technical goods in the market, primarily consumer goods). As a result, the entire increase in prices due to indirect taxes is borne by the consumer [6]. That is why the attempt made in 1998 to reduce the standard rates of this tax and did not lead to a decrease in the final price of sales of food and children's goods (except goods subject to excise tax), did not expand the volume of supply of these goods and did not affect the rate of inflation.

The lack of development of the accounting base, the lack of traditions on the application of the standard tax, the lack of training of our experts on their use, including VAT or excise tax, led to the fact that the object of taxation itself, including VAT, was not determined as the basis for their levy [7]. Therefore, there is a need for a number of simplifications in the calculations, which will lead to partial addition of the tax to the base in subsequent calculations.

The inconsistency and disproportionality of various instruments of the currently used tax policy is clearly visible in the example of the relationship between VAT and export customs duties. The value added tax model envisages the active support of those exporters. Accordingly, the mechanism of its payment may depend on the refund of the amount of tax paid for the exported goods to the exporter. It seems that now this measure will be proportional to the mechanism of export duties, which is in effect in the experience of our country. As a result, there are counterflows of financial resources, crediting of the budget by exporters, because VAT is returned after customs payments are made and with a long delay.

At present, the correct method of mitigating the impact of indirect taxation on the real level of consumption of low-income classes of the population has not been chosen. Year-on-year reductions in VAT rates and allocations, along with a reduced standard rate, have reduced this tax burden, which, unfortunately, has been unaddressed as it applies to all consumers. By the end of the year, the application of the VAT refund regime for families under the legal age, based on tax returns and with relevant documents, has greatly helped in supporting the low-income classes of the population, and fuel for all indirect taxes for disabled people who own vehicles. it would be possible to establish compensation at the price.

In most developing countries, tax legislation is formed based on economic and financial policies, taking into account the existing economic structure. Taxes and taxation laws in these countries are not often changed at random and at the whim of certain individuals.

In the history of the development of society, not a single country lived without taxes [8]. Even in the conditions of the market economy, the state collects the main part of the funds necessary for the implementation of its internal and external tasks, various social, economic and political measures through taxes. In particular, taxes form the state, regional, and district budgets, create a financial basis for the state social program, manage the business activities of taxpayers, encourage their desire to use natural resources effectively, influence pricing, and regulate the standard of living of the population. With the help of benefits, it helps to organize the social protection of the poor sections of the population, etc.

Therefore, the minimum amount of funds formed through taxes is related to the minimum amount of expenditure related to the performance of the state duty and is limited to this amount.

Taxes and the mechanism of taxation and the rules related to it are expressed in the tax doctrine. The tax doctrine appears in the form of a generalized expression of the basic principles, norms and rules that become a common basis within the framework of the financial and economic policy adopted by the state, and retain their force in all current changes in taxation.

The tax doctrine is reflected in views that are stable and protected for a long time by the state authorities and allows to positively solve the following main issues:

- the role and importance of taxes in the country's system;
- the share of taxes in gross domestic product and budget revenues;
- determination of the mutual ratio of direct and indirect taxes, the most appropriate levels of tax collection for certain industries and sectors, for certain segments of the population;
- progressiveness (regressiveness) of taxation;
- tax procedures for encouraging savings and investments, forms of control of taxpayers' activities by tax authorities, etc.

Tax policy is formed on the basis of the state tax doctrine. Although the adopted policy tax doctrine is subject to the requirements of a particular period, in some cases it may deviate significantly from the planned doctrine. But it should always be consistent with the doctrine announced in the future (or the tax doctrine should be changed accordingly).

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