

## **Problems in Taxing the Income of Individuals Outside of Uzbekistan and their Elimination**

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**Annotation:** In this article, the personal content of the personal content is revealed based on the analysis of the problems of taxation of the income received from Uzbekistan and the content of their legal development, the importance of this process. Specific legal norms of the materials in this article are studied.

**Keywords:** individual, tax resident, tax payer, tax benefits, tax base, tax source, tax deductions, international investment.

### **INTRODUCTION**

Documents related to tax legislation issued in Uzbekistan over the past 7 years, in particular, the new Tax Code, Decrees of the President of the Republic of Uzbekistan No. PF-162 of 2022, PF-218 of 2022, Decree of the Cabinet of Ministers of January 7, 2021 No. 1 on the basis of numerous decisions, introducing modern methods of tax administration, reducing the level of the hidden economy, reducing the tax burden, continuing the policy of simplifying the taxation system, problems in taxing the income of individuals outside Uzbekistan and their elimination, increasing tax revenues to the state budget A number of works are being carried out to unify taxes and simplify tax reporting, ensuring the integrity of the tax system.

In particular, to add to the relevant articles of the Tax Code of the new edition the types of income taxed on the basis of the declaration widely used in the practice of developed countries (income received by individual entrepreneurs, their hired workers, family members of a family entrepreneur, members of a trade association) with the long-awaited next step in the practice of income tax assessment through the declaration mechanism.

### **LITERATURE ANALYSIS AND METHODS**

Income tax is a proper, national tax collected from the total taxable income of individuals (citizens) who have taxable income in the fiscal year, and from the total taxable income (profit) of legal entities (organizations, farms, enterprises, etc.). It was introduced in Great Britain in 1842, in Japan in 1887, in Germany in 1891, in the USA in 1913, in France in 1914. For the purpose of taxing the total annual income of individuals, the amount of the minimum wage is calculated from the beginning of the year in the final manner (increasing rates), 13% of the income amount up to four times the minimum wage, 23% up to eight times the minimum wage, 8 times 33% of the amount (+1 soum) and above.

Many foreign and domestic scientists, researchers, and foreign financial institutions have conducted scientific research on the need for a declaration mechanism in taxing the income of individuals.

In particular, according to Usui (2002), according to Usui (2002), it is a manifestation of a democratic civil society to submit declarations of taxpayers' income to the tax authorities on the

basis of discretion in the taxation of income. In 1949, Dr. Carl S. Shoup's mission, the introduction of the declaration system ("self-assessment tax system") formed in the Japanese state with his proposals brought a new perspective to the relationship between taxpayers and tax authorities, and income tax in the contribution of the Japanese state budget caused an increase in its fiscal importance. (Australian Treasury's final report, 2004).

Many political organizations and researchers have expressed opinions about the need to introduce a mechanism for declaring the income and expenses of public servants in order to reduce corruption and embezzlement and prevent the looting of state property. . For example, by Hoppe (2012), Tytko (2019) in many European countries, in particular, in Ukraine, the submission of a declaration of income and expenses is considered a mechanism of effective financial control. Opinions were expressed that the issue of declaration is a very urgent issue at the time when the looting of property is increasing, nepotism and clan rivalry are increasing in the state management systems.

Many Uzbek economists and researchers have regularly researched the system of taxation of the income of individuals over the past years.

In particular, Niyazmetov's monograph (2017) and doctoral dissertation (2018) paid special attention to the income taxation system. In particular, Niyazmetov criticized the fact that one of the factors differentiating the tax system of Uzbekistan from the international tax practice is the lack of a mechanism for taxation based on the general declaration of income and the fact that the mechanism for taxation of income based on the declaration in Uzbekistan is not comprehensive. Also, according to the results of the analysis, there is a high potential for increasing the share of personal income tax in the state budget in Uzbekistan, and for this, it is necessary to increase the number of taxpayers and expand the tax base. a scientific conclusion was made about its implementation.

In this study, based on the information of the State Tax Committee and the State Statistics Committee of the Republic of Uzbekistan, information on taxpayers submitting declarations, as well as library catalogs, academic articles, Internet sources and other sources of information was studied.

In order to analyze and compare the collected data (quantitative and qualitative data), that is, to analyze the changes in indicators over the years, to carry out structural analysis, descriptive statistics and questionnaire methods of research methodology were used.

## **ANALYSIS AND RESULTS**

According to the current tax legislation in my country, the income of individuals is taxed in 3 different ways. These are withholding tax, taxation on the basis of fixed income tax for individual entrepreneurs, and taxation on the basis of the declaration, which gives a relatively small income as a share of income tax revenue.

Taxation of income received by individuals outside of Uzbekistan is double taxation. Double taxation, as mentioned above, occurs when the same income or property of the same entity is subject to the same tax in two or more countries. It should be noted that double taxation is not an arithmetical doubling of the amount of tax, but an unnecessary increase in the tax burden of the taxpayer. An increase in the tax burden is a real obstacle to the development of any business entity. A 2013 Business Europe study shows that double taxation is a barrier to cross-border trade and investment for taxpayers in European countries. In particular, limitations on deductibility of interest, foreign tax credits, permanent establishment issues, and inconsistencies in qualifications or interpretations are areas of concern.

Some theories cite a number of reasons for double taxation. Including:

- a person (legal or physical) is considered a tax resident according to the legislation of two or more countries;

- the received income is considered a tax object in the tax system of both countries and is recognized as a tax base;
- the difference in the category of expenses of a legal entity or an individual in different countries (that is, the difference in expenses that are excluded when determining the tax base);
- conflict between the generally recognized principles of residence and territoriality are important reasons leading to double taxation.

It should be noted that these two principles of tax systems that determine the attitude to double taxation:

- the principle of residence - this is the taxation of all incomes of natural persons who have permanent residence in one country, as well as legal entities registered in that country, including those received abroad;
- the principle of territoriality - regardless of the place of permanent residence or place of registration of persons receiving income, caused the collection of tax on income received in the territory of these countries. Accordingly, each country has the right to apply its own tax legislation.

The income of individuals outside of Uzbekistan is made up of the income brought by migrants, as we all know. On the other hand, in the tax system, i.e. in Uzbekistan, tax is not charged on the income received from individuals outside of Uzbekistan.

According to the current tax legislation of the Republic of Uzbekistan, if a citizen is considered a tax resident of Uzbekistan during the year, he must pay taxes in Uzbekistan on his total income (Article 366 of the Tax Code). The concept of total income is broad and usually includes the income of the citizen both inside the country and outside the country (Article 368).

According to the tax legislation of Uzbekistan, only a citizen who is actually in Uzbekistan for more than 183 days during any consecutive 12-month period beginning or ending with a year is recognized as a tax resident (Article 30).

In other words, if a citizen lived in Uzbekistan for a total of less than 6 months during a certain tax period, he is not automatically considered a tax resident of the Republic of Uzbekistan for that period, but for that year he according to the law, he is recognized as a non-resident (Article 30).

A person who is not considered a tax resident cannot be taxed in Uzbekistan on income earned abroad (Article 364). The tax period for citizens corresponds to this calendar year (Article 384).

When an individual is in a foreign country (Russia), he mainly uses the social and economic conditions and services created in that country at the expense of taxes (he works in jobs created in that country, walks on its roads, social services there and uses medical services). Of course, that country (Russia) has a reasonable claim to taxation on the income earned during that period. That is why they pay taxes to that country.

Now, in turn, we will consider ways to prevent double taxation. There are two ways to do this. That is, limitation of double taxation can be defined by national tax legislation and international conventions and agreements. In the first method, each country will have to introduce certain provisions into the tax legislation in its jurisdiction. In particular: - tax exemption of income from foreign sources; - creating tax deductions. In this case, the state determines a tax deduction in the form of a percentage or amount, taking into account the amount of taxes paid abroad; stop double taxation by introducing tax credits.

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Remittances from abroad were more reflected in the total income of residents of Khorezm (23.2%), Samarkand (19.3%) and Andijan (19%) regions. Their share is lower in Navoi (5.1%), Tashkent (5.4%) and Jizzakh (6.2%) regions.

## CONCLUSION

If we draw a conclusion based on the above analysis, the problem of taxing the income of individuals outside of Uzbekistan and their elimination is of great importance today. This principle, in turn, serves to reduce the tax burden on individuals and serves as a basis for its further development. During the study of this topic, we prepared the following suggestions:

First of all, within the framework of studies on the principle of non-double taxation, we were convinced that there are almost no scientific works and legal articles written on this topic in our national legal literature.

This topic has not yet been studied by national legal scholars. Because of this, it is natural that students who want to learn about this principle face difficulties. From this point of view, it would be appropriate if scientific works are carried out not only on this topic, but also within the framework of the principles of international investment law, by scientists and experts in the field.

Secondly, although the Republic of Uzbekistan has signed agreements on non-taxation with other countries, it is not based on the definition of a specific mechanism of non-taxation in the national legislation. Therefore, the development of a regulation on non-double taxation of individuals leads to the legal regulation of taxation of foreign companies.

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