Optimization of Taxes and Tax System of Uzbekistan

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Abstract. *The article deals with the topical issues of tax optimization in Uzbekistan, which have become especially important in the context of global economic changes. The article discusses the tax reforms, their impact on the economic environment and fiscal stability of the country. The main attention is paid to reducing the tax burden on business, combating the shadow economy and introducing digital technologies in tax administration. prospects for further development of the tax system, including the need to simplify procedures and expand digital platforms. The results of the study confirm that a comprehensive approach to reforming and digitalizing the tax system can create a more efficient and transparent tax administration in Uzbekistan.*

Keywords: *Tax optimization, tax system of Uzbekistan, tax reforms, digitalization of taxation, shadow economy, fiscal stability, small and medium-sized businesses, automation of tax administration, international tax standards.*

Introduction

In recent years, the tax system of Uzbekistan has undergone significant changes aimed at its modernization and adaptation to new economic realities. Accelerated globalization, the development of digital technologies and the country's integration into international economic structures pose a challenge to the government to create a more efficient and transparent tax system. It is important to ensure a balance between the tax burden, stimulating economic growth and minimizing the shadow economy. This makes the issues of tax optimization especially relevant for Uzbekistan in the context of a rapidly changing global economy.

The existing tax system of Uzbekistan faces a number of problems that hinder its efficiency. One of the key problems is the complexity of the system and the uneven distribution of the tax burden between different categories of taxpayers. For example, in recent years, there has been a difference in the tax burden between large enterprises and small businesses, which often leads to the fragmentation of businesses to obtain tax benefits. This situation creates an imbalance and undermines the stimulating role of taxes in the development of the economy.

Another serious problem is the high level of taxation of the wage fund. This contributes to the withdrawal of a significant part of economic activity into the shadows, which leads to tax evasion and concealment of the real income of employees. More than 45% of economic activity is carried out in the shadow sphere, and a significant number of employees do not pay taxes and insurance premiums. This reduces the country's tax potential and creates difficulties for the formation of budget revenues.

An important problem is also the low level of digitalization of the tax system. Although significant steps have been taken in recent years to automate tax administration, this process requires further development. The integration of digital technologies into the tax system will increase transparency, simplify reporting procedures and reduce administrative barriers for both business and tax authorities.

The purpose of the study is to analyze current measures to optimize the tax system of Uzbekistan and propose ways for further improvement, based on modern trends and technologies.

Literature review

The issues of tax optimization and reform of tax systems are actively studied in economic science, especially in the conditions of transition economies, which include Uzbekistan. Various researchers note that the effectiveness of the tax system is determined not only by the level of tax collection, but also by the degree of their impact on economic growth, investment attractiveness and reducing the level of the shadow economy. The works of economists such as Sh. Turaev and U. Rasulov emphasize the need to reduce the tax burden and introduce incentive measures for entrepreneurs, which is also a key direction of the tax reform of Uzbekistan. [3; 5]

According to a study by A. Rasulev and S. Voronin, the automation of tax administration and the introduction of modern digital technologies play an important role in increasing transparency and simplifying tax procedures. They note that the introduction of intelligent systems for analyzing tax risks and using big data (Big Data) allows not only to speed up information processing processes, but also to increase the accuracy of forecasts and estimates of tax revenues. [4]

Other authors, such as S. Achilov, emphasize the importance of expert methods for assessing the quality of the introduction of digital technologies into the tax system. They point to the need for a comprehensive approach to digitalization, including not only technical aspects, but also training and improving interaction between taxpayers and tax authorities. Thus, research in this area confirms that the optimization of the tax system is possible while reducing the tax burden and increasing efficiency through digitalization and new technologies. [2]

Methods

A comprehensive approach was used to analyze the current state of the tax system of Uzbekistan and assess measures to optimize it. First of all, a comparative analysis was carried out, which made it possible to study the tax system of Uzbekistan in the context of international experience. Examples of successful tax reforms in other countries aimed at reducing the tax burden and improving the conditions for small businesses were considered, as well as the possibilities of introducing digital technologies in tax administration were assessed.

In addition, expert interviews and surveys of representatives of tax authorities and specialists in the field of digital technologies were used. These data allowed us to gain a deep understanding of the current level of automation of tax processes and identify existing problems related to their implementation. Expert opinions turned out to be a valuable source for assessing the quality of the implementation of digital solutions and analyzing their impact on the efficiency of the tax system.

Further, statistical analyses were carried out to assess the relationship between changes in tax rates, the tax burden and the level of tax revenues. The study of data on tax revenues and economic activity helped to identify key trends in taxation and trace the dynamics of changes in the tax system.

To better understand the possible consequences of various tax reforms, several scenarios were modeled, which assessed the impact of lower tax rates and digitalization on improving tax collection and reducing the administrative burden. The simulation made it possible to predict how changes in the tax system could affect the overall efficiency of the system and the development of the country's economy in the future.

Outcomes

Impact of tax reforms. The implementation of tax reforms in Uzbekistan has led to significant changes in the structure of taxation and approaches to its administration. One of the key results was

the reduction of the tax burden on large businesses, which freed up funds for investment and stimulation of production. The increase in taxes for small and medium-sized businesses, especially enterprises with a turnover of more than one billion soums, caused the transition of these companies to a generally established taxation system, which strengthened tax discipline and expanded the tax base.

The reduction of the VAT rate from 20% to 15% eased the tax burden for businesses and consumers, resulting in lower prices for goods and services. This had a positive impact on the purchasing power of the population and stimulated the growth of domestic demand. An important element of the reform was also the elimination of some tax benefits, which helped to balance the tax burden and improve competitive conditions for all market participants. As a result, the country's state budget has become more stable, and tax revenues have increased due to the expansion of the tax base and the improvement of tax administration.

Digitalization of taxation. The digitalization of the tax system has become an important step in the process of reforming the tax administration of Uzbekistan. The introduction of automated accounting and data processing systems has reduced the volume of manual operations, which not only accelerated the tax reporting process, but also increased its accuracy administrative barriers and the number of errors.

The use of modern information technologies, such as big data analysis and intelligent models to assess tax risks, has allowed tax authorities to more effectively identify potential problems and reduce the risks of tax evasion. These technologies also contribute to improving tax control and allow the state to better predict budget revenues. The introduction of digital platforms for interaction with taxpayers has created the basis for more transparent and predictable tax administration.

At the same time, the digitalization of the tax system requires constant investment in infrastructure and personnel training. The process of transition to new digital technologies continues, and despite the progress already made, challenges remain to further expand and improve these systems.

Successes and problems of reform. The tax reforms carried out in Uzbekistan have led to a number of notable successes that have played an important role in improving the country's fiscal stability and increasing the efficiency of the tax system. One of the main achievements was the expansion of the tax base due to the transition of small and medium-sized businesses to a generally established tax regime. This contributed to the strengthening of tax discipline and led to an increase in the number of taxpayers, which, in turn, strengthened revenues to the state budget. The reduction of the VAT rate and the abolition of some of the benefits have also helped to balance the tax burden and improve the business environment, stimulating economic growth and investment.

In addition, the digitalization of the tax system has demonstrated its positive results, such as reducing the time for administration and increasing the transparency of tax processes. Electronic systems have made it possible to simplify the submission of tax reports and improve interaction between taxpayers and tax authorities. Thanks to the introduction of intelligent systems, it has become possible to more effectively identify tax risks and minimize cases of tax evasion.

However, despite these successes, the reforms also faced a number of difficulties. One of the problems remains the high tax burden on the payroll, which continues to contribute to the withdrawal of business into the shadows. The shadow economy, although it has shrunk, is still significant, which limits tax revenues and reduces the efficiency of the tax system. In addition, the transition of small and medium-sized businesses to a generally established tax regime has in some cases caused an increase in administrative costs for companies, especially for those that are not ready for the new requirements.

It can also be noted that digitalization, although it has yielded significant results, requires further development. The introduction of modern technologies is slow, which is due to the lack of financial and technical resources, as well as the need to improve the skills of personnel. In addition, not all businesses are actively using new digital platforms to interact with tax authorities, which complicates

the process of full integration of digital solutions into the tax system.

Thus, tax reforms in Uzbekistan have shown significant success, but further steps are needed to reduce the tax burden, combat the shadow economy and accelerate digitalization to achieve full optimization of the tax system.

Discussion

Tax optimization in Uzbekistan is a key area of reforms aimed at improving the economic environment and increasing fiscal sustainability. Reducing the tax burden on large businesses has already shown positive results, allowing companies to reinvest their profits in the development of production and innovation. However, tax optimization should also cover small businesses, which still face a high tax burden, especially after the transition to a generally established taxation system. For further optimization, it is necessary to focus on simplifying tax procedures and reducing administrative barriers, which will allow small and medium-sized enterprises to adapt more easily to the new requirements and stimulate them to grow. The tax system should be flexible and adapt to changing conditions, offering additional benefits and preferences for innovative sectors of the economy.

The fight against the shadow economy also requires effective measures to optimize taxes. High payroll taxes continue to encourage businesses to hide the real incomes of employees, which creates significant losses for the state budget. Optimization in this case consists in reducing payroll taxes and providing additional incentives for money laundering. This may include tax breaks for businesses that switch to formal forms of remuneration, as well as simplified tax regimes for sole proprietors and micro-entrepreneurs. The introduction of a softer system of fines for violations of tax legislation could also stimulate the legalization of shadow income.

Tax optimization should be based on an integrated approach that takes into account the interests of both business and the state. It is important to achieve a balance between tax rates that ensure budget revenues and tax benefits that promote business development and stimulate investment. One of the directions may be the expansion of opportunities for the use of benefits for enterprises that introduce environmentally friendly technologies and innovations. This approach will not only optimize the tax system, but also create the basis for sustainable economic growth.

The introduction of digital technologies is one of the key factors in optimizing the tax system of Uzbekistan. The digitalization of taxation has already shown its effectiveness, especially in reducing the time to file tax reports and reducing administrative costs for businesses. Automation of processes, such as processing tax returns and conducting desk audits, has increased the transparency and predictability of tax procedures. This, in turn, has reduced the likelihood of taxpayer errors and reduced fraud. The introduction of electronic systems of interaction between taxpayers and the state also contributed to the improvement of the quality of tax administration.

The use of big data and artificial intelligence in tax administration has opened up new horizons for analyzing tax risks and forecasting budget revenues. Intelligent models make it possible to automate the process of assessing the tax burden and timely identify taxpayers with a high risk of tax evasion. This contributes not only to increasing the efficiency of control, but also to reducing the burden on business, as tax audits become more targeted and justified. In addition, such technologies can improve the quality of tax administration and reduce corruption risks through transparency and automation of interaction with tax authorities.

However, the digitalization process is not yet complete. It is important to continue investing in digital infrastructure and expanding the use of electronic platforms for business. Training tax officials to work with new technologies is also an important task, since the successful implementation of digital solutions requires not only a technical base, but also highly qualified specialists. The promotion of digital tools among small businesses is also necessary to increase their involvement in the e-taxation system and reduce tax evasion.

The prospects for the development of Uzbekistan's tax system are closely linked to the further expansion of reforms and the digitalization of administration. One of the key areas will be the integration of the tax system with international standards and increasing the level of transparency to attract foreign investors. This could include introducing more flexible and competitive tax regimes for companies investing in strategically important industries, as well as continuing to work to reduce income tax and VAT. Joining international tax treaties and using the best practices of other countries will improve interaction with global markets and increase tax stability.

Another prospect is the expansion of digital platforms for interaction between taxpayers and government agencies. Automation of processes such as business registration, filing of declarations and conducting tax audits can be further improved by creating an integrated digital ecosystem. In such a system, taxpayers will be able not only to submit documents online, but also to receive recommendations on optimizing their taxes, as well as access to tools for analyzing financial activities. This will simplify tax administration and provide access to a wide range of digital services.

To maintain sustainable economic growth, it is necessary to continue work to reduce the tax burden, especially on small and medium-sized businesses. Simplification of taxation procedures, expansion of tax benefits and creation of favorable conditions for business development will strengthen the economic base of the country. Introducing incentives for innovative enterprises, cleaner industries and other strategically important industries will also be an important element in creating a tax system capable of supporting the sustainable development of the economy of Uzbekistan in the future.

Conclusion

Optimization of the tax system of Uzbekistan is a key element of the country's economic strategy aimed at sustainable growth, increasing investment attractiveness and creating conditions for business development. The reforms carried out have shown that the reduction of the tax burden on large businesses and the gradual simplification of tax procedures contribute to the growth of budget revenues and stimulate enterprises to expand production and innovation. However, it remains clear that achieving long-term stability requires a comprehensive approach that will take into account the interests of all economic actors, including small and medium-sized businesses, which have faced an increase in the tax burden in recent years.

The digitalization of the tax system has become an important step in the process of its modernization. The introduction of electronic reporting forms, the automation of tax control and the use of intelligent models for analyzing tax risks have increased the transparency and efficiency of tax administration. This made it possible to reduce the time for fulfilling tax obligations, reduce the number of errors and improve interaction between business and government agencies. However, digitalization is still in its infancy, and to achieve the full potential of this reform, it is necessary to continue to invest in technology, train professionals and expand digital services for all categories of taxpayers.

Despite the successes, the reforms also revealed a number of problems that need to be addressed in order to further improve the tax system. The high tax burden on the wage fund and a significant share of the shadow economy remain serious challenges that limit budget revenues and undermine the stability of the tax system. Reducing labor taxes and developing money laundering measures should be a priority in the coming years. It is also important to create favorable conditions for small and medium-sized businesses by offering additional tax benefits and simplified tax regimes.

The prospects for the development of the tax system of Uzbekistan are closely related to further digitalization and integration with international standards. The introduction of advanced technologies, such as big data and artificial intelligence, will help not only to increase the efficiency of tax control, but also to improve the forecasting of budget revenues. This will also allow the state to more accurately assess the risks of tax evasion and minimize tax gaps. At the same time, increased international cooperation and adaptation to global tax treaties will create conditions for attracting foreign investment and increasing the country's competitiveness on the world stage.

Thus, Uzbekistan is on the way to creating a more efficient, transparent and modern tax system. To achieve these goals, it is necessary to continue reforms aimed at reducing the tax burden, actively introducing digital technologies and improving tax administration. Only a comprehensive approach to tax optimization and administration, based on international standards and best practices, will create a sustainable fiscal system capable of supporting long-term economic growth and ensuring stable budget revenues.

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