

## **Taxation Features for Certain Categories of Taxpayers and in Certain Regions of The Republic of Uzbekistan**

**Turayev Alijon Akmal og‘li**

*Associate Professor, Department of Investment and Innovation, PhD*

*E-mail: [alijon.turayev@mail.ru](mailto:alijon.turayev@mail.ru)*

**Bozorov Jobir Sirojiddin og‘li**

*Student, Samarkand Institute of Economics and Service*

*E-mail: [jbozorov1234@gmail.com](mailto:jbozorov1234@gmail.com)*

**Abstract:** This article analyzes the specific features of taxation for certain categories of taxpayers and in different regions of the Republic of Uzbekistan. The study is based on the Tax Code of the Republic of Uzbekistan and official statistical data, examining tax benefits, simplified tax regimes, and the effectiveness of regional tax policies. As a result, scientific conclusions and practical recommendations were developed regarding the improvement of the tax system, promotion of regional development, and support of entrepreneurial activities.

**Keywords:** Tax System, Taxpayers, Regional Tax Policy, Tax Benefits, Small Business, Republic of Uzbekistan, Tax Code, Economic Development

### **Introduction**

The tax system of the Republic of Uzbekistan is an integral part of the state’s economic policy and plays a significant role in the country’s socio-economic development. Taxes form the state budget, support various sectors of the economy, and create favorable conditions for entrepreneurial activity. In recent years, large-scale measures have been taken to reform, simplify, and increase the efficiency of the tax system. These reforms are part of the economic policy priorities outlined by the President of Uzbekistan, Shavkat Mirziyoyev [1]. Special attention has been paid to reducing the tax burden, simplifying the tax system, and creating a favorable environment for business entities. As the President emphasized, “The tax system should not be a punitive mechanism for the economy, but rather a tool to stimulate it.”

A key step in comprehensive tax reform was the Decree PQ-3802 dated June 29, 2018, “On the Concept of Improving the Tax Policy of the Republic of Uzbekistan,” which provided a legal basis for modernizing the tax system, reducing the number of taxes, lowering rates, and simplifying tax administration. Furthermore, the Decree PQ-4389 dated July 10, 2019, “On Measures to Improve Tax Administration,” introduced digitalization of tax authorities’ operations, strengthened tax control, and aimed to reduce the shadow economy [2]. These measures increased the transparency of the tax system and improved interactions with taxpayers. Additionally, the Decree PQ-2722 dated January 12, 2017, “On Activating and Expanding Free Economic Zones,” established wide-ranging tax benefits for business entities operating in free economic zones, including exemptions from profit, property, and land taxes, aimed at boosting production and export potential in these regions [3], [4], [5].

The analysis of these normative-legal acts shows that tax policy in Uzbekistan is gradually improving and becoming an effective tool for economic development. In particular, differentiated tax regimes for certain categories of taxpayers and regions stimulate economic activity, attract

investments, and reduce disparities in regional development. Therefore, studying the specific features of taxation for certain categories of taxpayers and regions of Uzbekistan is of significant scientific and practical importance, and this article examines both the legal framework and their economic effectiveness [6].

## **Literature Review**

The issue of improving the tax system and examining the specific features of taxation for different categories of taxpayers and regions has been widely covered in economic literature. Tax reforms in Uzbekistan have provided impetus for scientific research in this area.

First, the Tax Code of the Republic of Uzbekistan establishes the legal basis for taxation and provides separate procedures for different categories of taxpayers [7]. The Code includes provisions for simplified tax regimes for small businesses, individual entrepreneurs, and self-employed individuals, which help stimulate economic activity.

Local economic scholars have thoroughly studied both the theoretical and practical aspects of the tax system. For instance, the textbook *Taxes and Taxation* explains the principles of taxation, methods of distributing tax burdens, and the necessity of a differentiated approach for different categories of taxpayers, which is recognized as crucial for sustainable economic development [8].

Moreover, research articles examine the economic effectiveness of tax incentives. Studies show that tax benefits positively impact the development of small businesses, strengthen their financial stability, and create new jobs. Some researchers emphasize the need to continuously evaluate the effectiveness of these incentives.

Regional taxation features are regulated by the “Law on Free Economic Zones” and the “Law on Special Economic Zones,” which provide tax and customs benefits to business entities operating in these zones. This enhances the regions’ investment attractiveness and industrial development [9]. Additionally, decrees such as PF-5468 and PQ-4086 modernize the tax system, reduce tax burdens, and simplify tax administration. The effectiveness of these reforms has been positively assessed in scientific literature, highlighting their impact on economic growth.

Overall, the literature shows that the tax system in Uzbekistan is evolving with a differentiated approach that considers the specific characteristics of taxpayers and regions, contributing to economic stability, supporting entrepreneurial activity, and reducing regional disparities [10].

## **Research Methodology**

This study employed a comprehensive approach to analyze taxation for certain categories of taxpayers and in different regions. The methodology included analysis of the Tax Code of the Republic of Uzbekistan and other normative-legal acts. Comparative, analytical, and generalization methods were applied. Theoretical conclusions were drawn from local economic scholars’ works and research articles. Statistical data were analyzed to assess the effectiveness of tax incentives at the regional level. The results obtained formed the basis for scientific conclusions and practical recommendations.

## **Results and Discussion**

This study analyzed the specific features of taxation for certain categories of taxpayers and in selected regions of the Republic of Uzbekistan based on current legislation and statistical data. The main sources of the study were the Tax Code of the Republic of Uzbekistan and official statistics, particularly information from the State Committee of the Republic of Uzbekistan on Statistics.

According to the Tax Code, taxpayers in Uzbekistan are divided into different categories, each subject to specific tax procedures. For small business entities, a turnover-based tax system is applied, simplifying accounting and reducing the tax burden. Individual entrepreneurs are subject to fixed tax rates. In addition, certain types of activities receive benefits and preferences aimed at stimulating economic activity [11].

Recent tax reforms have significantly improved tax administration. The introduction of electronic tax reporting, digitalization of tax authorities, and modern tax control methods have contributed to increased tax revenues. This process has also positively impacted the reduction of the shadow economy.

Analysis shows that tax incentives for small businesses contribute to increasing their share in the economy. The share of small business in GDP is steadily rising, indicating that tax policies are correctly targeted [12], [13]. Reduced tax burden allows companies to allocate more financial resources to investment and innovation.

Analysis of statistical data shows a steady increase in tax revenues in Uzbekistan. The table below shows the overall dynamics of tax revenues in recent years:

Year	Tax Revenues (trillion UZS)	Growth Rate (%)
2021	164	18.8
2022	202	23.1
2023	248	22.8
2024	289	16.5

As the table shows, tax revenues nearly doubled between 2020 and 2024. This growth is explained both by increased economic activity and by the liberalization of tax policy and improvements in the system of tax benefits.

Regional analysis indicates that taxation mechanisms vary depending on the level of economic development. In particular, tax incentives for companies operating in free and special economic zones have increased production volumes in these regions. These areas benefit from exemptions in corporate, property, and land taxes, creating favorable conditions for investors.

Statistical data also show that the number of companies operating in economic zones is growing annually, highlighting the zones' role in regional economic development. However, in some regions, the effectiveness of tax incentives remains insufficient, indicating the need to further improve tax policy considering regional characteristics [14].

However, the system for evaluating the effectiveness of tax incentives is not yet fully developed. In some cases, incentives are not targeted or do not achieve the expected results. Therefore, it is necessary to strengthen the monitoring and assessment mechanisms for the economic effectiveness of tax benefits. Another important aspect is that tax digitalization plays a key role in increasing revenues. The introduction of electronic invoices, online cash registers, and other digital tools strengthens tax discipline, enhancing oversight and reducing tax evasion.

Overall, the analysis shows that the tax system in Uzbekistan is being consistently reformed, increasing its efficiency [15]. Simplified procedures for certain categories of taxpayers and differentiated regional tax policies are key factors in ensuring economic growth. Furthermore, improving the effectiveness of tax benefits, further differentiating regional policies, and deepening digitalization remain urgent tasks.

## Conclusion

The results of this study indicate that the tax system of the Republic of Uzbekistan has significantly improved in recent years and has become an important instrument for regulating the economy. The Tax Code of Uzbekistan provides a differentiated approach for different categories of taxpayers, supporting the activities of small businesses, individual entrepreneurs, and other entities.

Analysis shows that tax benefits and simplified tax regimes positively influence entrepreneurial activity, stimulate investment, and create new jobs. Regional tax incentives help reduce disparities in economic development across regions.

Data from the State Committee of the Republic of Uzbekistan on Statistics indicate a steady increase in tax revenues, reflecting the improvement of tax administration, ongoing digitalization,

and effective tax policy implementation. However, issues remain, including insufficient effectiveness of tax incentives in some regions, untargeted application, and underdeveloped monitoring mechanisms.

Based on the above, the following recommendations are proposed:

**-Improve the system for evaluating the effectiveness of tax benefits** – develop clear criteria to assess the economic impact of each incentive.

**-Further differentiate regional tax policy** – adapt tax rates and benefits based on each region's economic potential, resources, and development level.

**-Strengthen support for small businesses and entrepreneurial entities** – reduce tax burden further and expand simplified reporting systems.

**-Deepen digitalization of tax administration** – expand electronic tax systems to increase transparency and reduce tax evasion.

**-Ensure targeted allocation of tax incentives** – benefits should be given only to sectors and projects with high economic efficiency.

Overall, improving the tax system can ensure sustainable economic growth, reduce regional disparities, and enhance the business environment in the Republic of Uzbekistan.

## References

- [1] O‘zbekiston Respublikasi, Tax Code of the Republic of Uzbekistan. Tashkent, Uzbekistan, 2020.
- [2] O‘zbekiston Respublikasi, Law “On Special Economic Zones”. Tashkent, Uzbekistan, 2020.
- [3] O‘zbekiston Respublikasi Prezidenti, “PQ-4086 Decree: On the Concept of Improving the Tax Policy,” Tashkent, Uzbekistan, 2019.
- [4] State Committee of the Republic of Uzbekistan on Statistics, Official Statistical Data Collection. Tashkent, Uzbekistan, 2020–2024.
- [5] A. Qodirov and T. Jo‘rayev, Taxes and Taxation. Tashkent, Uzbekistan: Iqtisodiyot Nashriyoti, 2021.
- [6] S. Xudoyqulov, Tax Policy. Tashkent, Uzbekistan: Fan Nashriyoti, 2019.
- [7] Y. Abdullayev and M. Karimov, “Economic efficiency of tax incentives,” *Economy and Innovations*, no. 3, pp. 45–52, 2022.
- [8] B. Tursunov, “Regional tax policy improvement issues,” *Finance Journal*, no. 2, pp. 33–40, 2021.
- [9] Sh. Raximov, “Specific features of taxation of small business entities,” *Economic Research*, no. 4, pp. 28–35, 2020.
- [10] T. Jo‘rayev, “Increasing investment activity by reducing the tax burden,” *Market, Money and Credit*, no. 5, pp. 50–56, 2022.
- [11] O‘zbekiston Respublikasi Statistika agentligi, [Online]. Available: <https://stat.uz>
- [12] O‘zbekiston Respublikasi Qonunchilik ma’lumotlari milliy bazasi, [Online]. Available: <https://lex.uz>
- [13] World Bank, Uzbekistan Public Expenditure Review. Washington, DC, USA: World Bank, 2022.
- [14] International Monetary Fund (IMF), Republic of Uzbekistan: Staff Report for the 2023 Article IV Consultation. Washington, DC, USA: IMF, 2023.
- [15] OECD, Tax Policy Reforms 2022: OECD and Selected Partner Economies. Paris, France: OECD Publishing, 2022.