

The Role of Natural Resource Taxes in the State Budget

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Abstract: This article analyzes the role of natural resource taxes in forming state budget revenues, their economic significance, and their contribution to ensuring fiscal stability. In particular, the share of such payments as subsoil use tax, water resource use tax, and land tax in the state budget revenues of the Republic of Uzbekistan is examined based on statistical data. As a result of tax reforms implemented in recent years, revenues from natural resource taxes have shown a stable growth trend, accounting for an average of 12–15 percent of state budget revenues in 2023–2025. At the same time, these taxes serve as an important instrument for encouraging the rational use of economic resources, maintaining ecological balance, and supporting regional development. The study also identifies existing problems, including low efficiency in resource utilization and the incomplete formation of the tax base in certain sectors, and proposes scientifically grounded recommendations to address them.

Keywords: *natural resource taxes, state budget, tax revenues, subsoil resources, water resources, land tax, fiscal policy, environmental sustainability, tax reforms, economic efficiency.*

Introduction

In the context of globalization and ongoing economic integration, identifying stable sources for the formation of state budget revenues and ensuring their effective management has become one of the most pressing issues. Particularly in resource-rich countries, tax revenues derived from natural resources serve not only as a key component of fiscal policy but also as a major driver of economic development. From this perspective, the role of natural resource taxes in the state budget and the issues related to improving their efficiency are of significant scientific and practical importance[1].

In the Republic of Uzbekistan, special attention has been paid in recent years to improving the tax system within the framework of ongoing economic reforms. In particular, natural resource taxes such as subsoil use tax, water resource use tax, and land tax have been forming a substantial share of state budget revenues. According to official statistical data, the share of natural resource taxes in total state budget revenues amounted to approximately 13 percent in 2023, increased to nearly 14 percent in 2024, and is projected to reach around 15 percent by the end of 2025. This indicates a growing importance of these taxes in ensuring fiscal stability[2].

A distinctive feature of natural resource taxes is that they perform a dual function. Firstly, they serve as a stable source of revenue for the state budget. Secondly, they encourage economic entities to use natural resources rationally and efficiently. For example, the gradual increase in tax rates for water resource usage promotes water conservation, while reforms in the taxation of subsoil use contribute to the more efficient exploitation of underground resources[3].

At the same time, natural resource taxes play an important role in ensuring environmental sustainability. In particular, their significance is increasing in maintaining ecological balance, reducing negative environmental impacts, and promoting the principles of a “green economy.” International experience shows that properly designed taxation of natural resource use can not only increase budget revenues but also effectively address environmental challenges.

However, certain problems still persist within the existing system. These include the incomplete formation of the tax base in some sectors, relatively low efficiency in resource utilization, and shortcomings in tax administration, all of which hinder the full mobilization of revenues from natural resource taxes. Therefore, there is a need to further improve these taxes, simplify their calculation mechanisms, and enhance transparency through digitalization[4].

The main objective of this study is to conduct a comprehensive analysis of the role of natural resource taxes in state budget revenues, to reveal their economic and environmental significance, and to identify existing problems while developing scientifically grounded proposals and recommendations for their solution.

Literature Review

In the scientific work titled “Improving the Efficiency of Tax Policy in Uzbekistan” by A. Turayev, the issues of enhancing the efficiency of Uzbekistan’s tax policy are comprehensively analyzed. The author examines the ratio of tax revenues to GDP, the structure of budget revenues, and the impact of the tax burden on economic activity based on precise statistical indicators. In particular, the study highlights that during 2020–2022, the share of tax revenues in GDP averaged around 22–24 percent, and as a result of tax policy liberalization, the number of business entities increased. Moreover, the author emphasizes that the level of transparency in tax administration has significantly improved due to digitalization processes. According to Turayev’s conclusions, improving tax policy can simultaneously ensure stable growth in budget revenues and stimulate economic development[5].

In contrast, S. Sobirov’s article titled “Role of Natural Resource Taxes in Budget Revenues” focuses specifically on the role of natural resource taxes in state budget revenues. The author analyzes the growth trend of natural resource taxes for the period 2022–2024 and demonstrates that their share in total budget revenues averaged 12–14 percent. The study particularly emphasizes that the subsoil use tax constitutes the main source of revenue, accounting for approximately 45–50 percent of total natural resource tax revenues. At the same time, the relatively lower shares of water resource and land taxes indicate the need to improve the efficiency of resource utilization[6].

A comparative analysis of these two studies shows that while Turayev focuses on the overall efficiency of tax policy, Sobirov provides an in-depth examination of the fiscal significance of natural resource taxes. The findings of both authors complement each other and confirm the increasing importance of natural resource taxes in improving Uzbekistan’s tax system. In this regard, these sources serve as an important theoretical and practical foundation for the present study[7].

Research Methodology

In this study, a combination of theoretical and practical methods was applied to examine the role of natural resource taxes in state budget revenues. Initially, a theoretical analysis was conducted to explore the economic essence of natural resource taxes and their role in fiscal policy, based on scientific literature and regulatory legal documents. Using the statistical analysis method, data on state budget revenues and natural resource tax revenues for the period 2023–2025 were analyzed. In particular, the increase in these tax revenues from 30.2 trillion UZS to 45.7 trillion UZS and their share rising from 13 percent to 15 percent were examined. Additionally, the comparative method was used to analyze indicators across different years, as well as the structure of taxes (subsoil, water, and land taxes). Through systematic and logical analysis, the economic and environmental significance of natural resource taxes was comprehensively evaluated.

Results and Discussion

In recent years, the share of natural resource taxes in the state budget of the Republic of Uzbekistan has demonstrated a steady growth trend. The table below presents the volume and share of natural resource taxes in total state budget revenues for the period 2023–2025[8]:

Table 1: Share of Natural Resource Taxes in the State Budget

Indicators	2023	2024	2025 (forecast)
State budget revenues (trillion UZS)	232	268	305
Natural resource taxes (trillion UZS)	30.2	37.5	45.7
Share (%)	13.0%	14.0%	15.0%

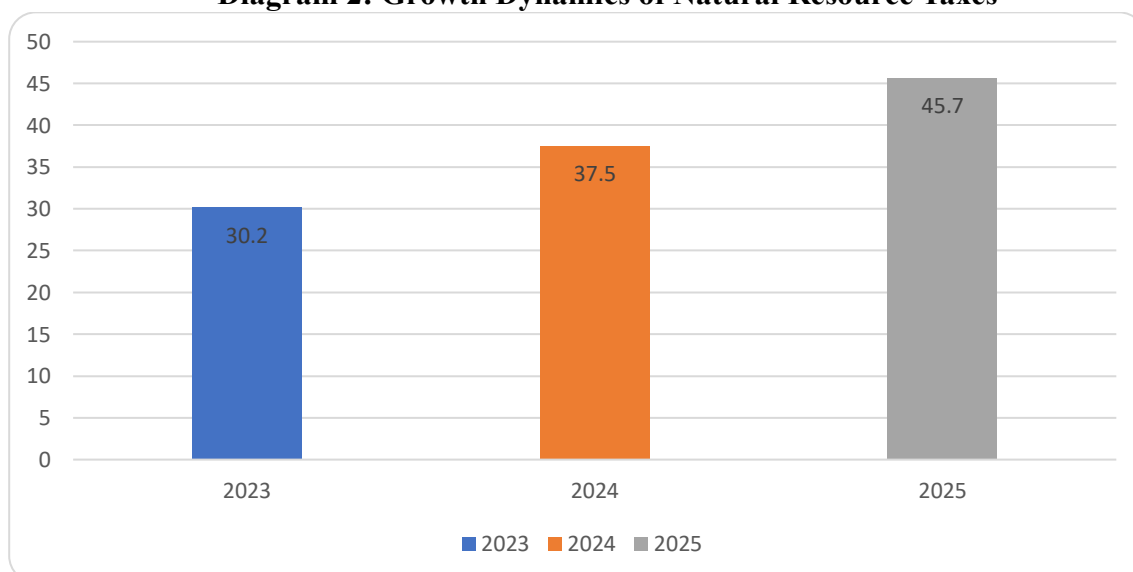
As can be seen from the table, revenues from natural resource taxes are increasing not only in absolute terms but also in their share. While they amounted to 30.2 trillion UZS in 2023, this figure is projected to reach 45.7 trillion UZS by 2025. This indicates the growing strategic importance of these taxes in the state budget[9].

Table 2: Structure of Natural Resource Taxes

Tax type	Revenue (trillion UZS)	Share (%)
Subsoil use tax	18.6	49.6%
Water resource use tax	6.4	17.1%
Land tax	12.5	33.3%
Total	37.5	100%

In 2024, the largest share was accounted for by the subsoil use tax (49.6%). This indicates that the extractive industry and the use of natural resources play a significant role in Uzbekistan's economy. The land tax also holds a considerable share and plays an important role in ensuring the stability of local budgets[10].

Diagram 2: Growth Dynamics of Natural Resource Taxes



The diagram clearly illustrates a year-by-year increase in natural resource taxes. In particular, a significant rise is observed from 2024 to 2025, which is associated with the expansion of the tax base and the optimization of tax rates[11].

Natural resource taxes are becoming one of the key and stable sources of the state budget in Uzbekistan. Their share increased from 13 percent to 15 percent over three years, confirming the effectiveness of fiscal policy in this area[12].

First, the growth of natural resource taxes is closely linked to increasing economic activity. In particular, the expansion of the extractive industry, the commissioning of new deposits, and the growth of export volumes have contributed to higher tax revenues. This also indicates a certain dependence of the state budget on the raw materials sector[13].

Second, the relatively lower share of water and land taxes suggests that the efficiency of resource utilization is not yet at an optimal level. In particular, the efficiency of water resource usage remains low, which necessitates the introduction of differentiated water tax rates and the promotion of water-saving technologies in the future.

Third, natural resource taxes also play an important role as an instrument of environmental regulation. However, practice shows that current tax mechanisms are not yet fully environmentally oriented. For example, in some cases, excessive use of resources is not sufficiently constrained by the tax burden. This requires a broader implementation of “green tax” principles[14].

Fourth, problems in tax administration remain an important factor. In some enterprises, cases of concealing or inaccurately reporting actual extraction volumes negatively affect budget revenues. Therefore, it is necessary to introduce modern digital control systems, such as online monitoring and automated calculation systems. Furthermore, analysis by regions shows that natural resource tax revenues are mainly concentrated in resource-rich areas, which may lead to fiscal imbalances between regions. Therefore, improving redistribution mechanisms for these revenues is of significant importance[15].

Conclusion

The role of natural resource taxes in forming state budget revenues in the Republic of Uzbekistan has been steadily increasing. In particular, revenues from these taxes amounted to 30.2 trillion UZS in 2023, increased to 37.5 trillion UZS in 2024, and are projected to reach 45.7 trillion UZS in 2025. At the same time, their share in total budget revenues has risen from 13 percent to 15 percent. These indicators clearly confirm the growing importance of natural resource taxes in ensuring fiscal stability.

The analysis shows that the largest share within natural resource taxes is accounted for by the subsoil use tax, which constituted 49.6 percent in 2024. This indicates that the extractive industry remains one of the priority sectors of the national economy. At the same time, the relatively lower shares of land tax (33.3%) and water resource use tax (17.1%) highlight the need to improve the efficiency of utilizing these resources.

The findings also demonstrate that natural resource taxes not only contribute to increasing state budget revenues but also serve as an important instrument of economic and environmental regulation. In particular, these taxes promote the rational use of resources, environmental protection, and support regional development. However, certain shortcomings still persist in the current system, including the incomplete formation of the tax base, low efficiency in resource utilization, and existing problems in tax administration.

In this regard, it is advisable to propose the following practical and scientifically grounded recommendations:

- further simplification and full digitalization of the calculation mechanisms for natural resource taxes;
- introduction of differentiated tax rates for water and land resource usage to enhance efficiency;
- expansion of environmentally oriented “green tax” elements;

- implementation of modern digital monitoring systems in tax administration;
- improvement of redistribution mechanisms to ensure fiscal balance among regions.

In general, effective management and further improvement of natural resource taxes will enhance the stability of the state budget, support sustainable economic growth, and ensure environmental balance.

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