



IMPROVING THE EFFICIENCY OF TAXATION WITHIN THE CONCEPT OF IMPROVING THE TAX POLICY OF THE REPUBLIC OF UZBEKISTAN

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Abstract

The article is devoted to highlight the problem in the framework of improving tax policy in the Republic of Uzbekistan. Its relationship and interaction with the process of coordinating the interests of participants in the economic process is investigated. Particular attention is paid to the system of benefits in the tax system of Uzbekistan.

Keywords: taxation, Concept of improving tax policy, tax planning, tax incentives, inflation, tax rates.

Introduction

At the present stage, in the context of ambiguous processes in the international arena, such as economic instability, increased competition in the market, the urgency of taking systemic measures to improve the tax system within the framework of the concept of improving the tax policy of the Republic of Uzbekistan, designed to radically change the order of financial relations between the state and business structures.

The effective development of the economic activity of economic entities in the country depends on how the market mechanisms of its regulation correspond to the realities emerging both in macro and microeconomic processes. Among the various regulators of this activity, a special place belongs to the tax system. For ensuring a transparent tax system largely depends on the role of the factor of radical social transformations, which become not only the main source of income for budgets of all levels, a means of ensuring social guarantees, but also contribute to balancing the interests of the state, business entities and the population, for balanced interests fall on the shoulders of conscientious taxpayers.

Literature Review

From the first days of Uzbekistan's gaining sovereignty in the field of theory and practice of taxation, to a certain extent, there was a phenomenon of stagnation,



which manifested itself in the copying of foreign experience, based mainly on the experience of the FRG. Thus, in accordance with the Law "On Taxation of Enterprises, Organizations and Associations" adopted on February 15, 1991, national and local taxes were in effect in the republic. The use of a two-tier system is inherent in states with a unitary structure. Such a division in a unitary state, such as Uzbekistan, turned out to be inappropriate; moreover, it introduced negative aspects into social relations.

The high level of obligatory payments to the budget and extra-budgetary funds gradually led to the fact that enterprises kept double accounting of wages, some employees were not officially registered, or were registered with low wages. This contributed to the flourishing of negative phenomena, the emergence of serious imbalances between industries. Within the industries of the real sector, a huge disparity in the incomes of various groups of the population has arisen. The tax system was aimed at incentivizing smaller enterprises. Of course, this led to bankruptcy or allowed to painlessly form small entities on the basis of a large enterprise. During the year, on average, more than a thousand of small businesses ceased to function due to constant tax audits or lack of own funds to organize a more efficient own economy, etc. Despite such phenomena, the Republic of Uzbekistan, albeit slowly, has made progress in the creation and functioning of the new system. As a result of the reform of interbudgetary relations in accordance with the requirements of the Budget Code (2013), the former irrational taxation system has changed significantly, steps have been taken to establish uniform proportions when dividing the main republican taxes between the levels of the budget system.

This was due to the formation of a significant part of budget revenues due to VAT, excise taxes, mandatory contributions to off-budget funds. The taxable base was still the turnover, proceeds from the sale of products, and the wage fund. Many taxpayers did not have benefits for the above taxes.

An important area of the reform was the prevention of unjustified growth of tax burdens, ensuring the growth of incomes of the population, improving inter-budgetary relations, increasing the revenue base of the territory and optimizing the expenditures of local budgets in order to reduce subventional areas.

Important stages in the development of the economy and the taxation system were associated with the release on July 15, 2008. Resolutions of the Presidium of the Republic of Uzbekistan "On additional measures to stimulate the introduction of innovative projects and technologies into production." According



to this document, educational and research institutions and design organizations began to be released from January 1, 2013. from the payment of income tax, a single tax payment, VAT and mandatory payments to state conditional funds (with the exception of a single social payment), in terms of the implementation of applied research and development work carried out under contracts concluded with economic entities, etc. P.

In Uzbekistan, fiscal levers have been systematically introduced, stimulating the innovative development of enterprises of all forms of ownership. The established incentives have begun to promote the activation of innovation in certain sectors of the economy. At the same time, taxpayers were still faced with unforeseen facts.

Consequently, the system of taxes and mandatory contributions did not create conditions for a significant increase in budgetary funds based on the expansion of the tax base, an increase in the number of taxpayers. But, despite this, the redistribution of budgetary revenues in favor of territorial budgets continued, the tax system was significantly systematized, and conditions were created for a gradual approximation to the tax structure that meets international standards.

It is not possible to predict all the consequences of the reform of the fiscal sphere at the present stage.

In order to develop an effective tax management system, it is necessary to identify the main contradictions of the current system and determine the ways of its possible improvement. In this regard, we can say that the adoption of the new Tax Code (2008) in Uzbekistan is a large study in the field of taxation on the example of developed countries. In the last version (2007) it was based on the basic principles of taxation and included practically all issues of the taxation mechanism.

In our opinion, in the future, it is possible to overcome all difficulties with the implementation in practice of strategic and current tax planning and modern methods of organizing management, developed in the world for the macroeconomic level, taking into account the specifics and characteristics of the republic and territories.

However, the actual taxable base of the territory is not yet sufficiently taken into account when forming local budgets. In particular, land relations committees, customs, real estate appraisal departments, and financial service bodies are not fully involved in the forecasting system. There is no consolidated information base that could be used in budgeting.



In order to form and implement tax policy, marketing can be used, which will further increase the economic efficiency of state tax programs.

Now, the taxation system itself in Uzbekistan should naturally lead to the development of viable, scientifically grounded long-term and short-term tax programs, that is, within the framework of the tax strategy, long and medium-term action programs should be developed that are adequate to the plans based on the need to reflect three balanced principles of taxation: neutrality, fairness, simplicity.

Based on this, the state must ensure in the process of strategic regulation the fulfillment of two main tasks, the first of which is the need to reach a compromise solution between the efficiency of the tax system and its fairness, and the second is to ensure a consistent combination of economic and administrative efficiency. The solution of the first problem is associated with the need to accurately determine the role of the tax system in the general system of redistribution of public goods.

Results and Discussion

In the context of globalization, many countries are faced with a lack of understanding of the need to combine efficiency and fairness of the tax system. In most countries, including Uzbekistan, tax reforms have simplified the previous systems of taxation of personal income, while expanding the tax base on consumption, primarily through the introduction of value added tax. Such an attitude, based on the need to maximize the funds received through the tax system, led to almost complete disregard of the incentive features of taxes, that is, the state seemed to deliberately limited the possibilities for further economic development, while the principle of fairness of taxation also suffered, since the main part of the tax burden fell on the shoulders of people with low and middle income. To improve this system in 2019, I had to resort to world experience.

The problem of taxation in order to form the state budget at the expense of taxes has always existed. But taxes should not only replenish the budget, relying on their functions, but also perform a number of other tasks in terms of regulating the economy, in the broad sense of the word, in particular, of business entities.

Ideally, tax policy is designed to help expand economic activity and help people. Those who decide to open their own business, get on their feet so that in the future they and their colleagues will become permanent and reliable taxpayers, and so on.



One of the main ways to achieve progress is to improve the financial mechanism for regulating taxation in the Republic of Uzbekistan, which is the reason for the entire process of developing the new Tax Code in Uzbekistan.

Regarding this, it should be noted that some economists propose to provide tax incentives to exporters, which supposedly will help to revive the economy, spurring innovative enterprises that work for export [2, 3]. The revival of the economy can be achieved by supporting and stimulating the development of private business, and it is necessary to work on this.

The developed state taxation programs and the development of private entrepreneurship provide tax incentives for persons who do not fully invest their funds in the domestic economy, which is the most serious disadvantage of the programs.

Tax incentives should serve as one of the most powerful incentives for economic impact on the innovation activities of business entities. If the Government envisages a reduction in innovative investments from the budget, then no credit and other funds provided for the encouragement of private investment can be successful without appropriate tax support. Although the Tax Code (2008) provided for a number of privileges affecting the interests of private business, introduced a special tax regime for small businesses, it became powerless, taking into account the realities of today, ceasing to be a powerful lever that stimulates the innovative activity of entrepreneurial entities.

Adoption of the Decree of the President of the Republic of Uzbekistan on February 7, 2017 "On the Strategy of Action in 2017-2021", as a continuation of institutional and structural reforms to reduce the presence of the state in the economy, further strengthen the protection of rights and the priority role of private property, improve tax administration, continue course on reducing the tax burden and simplifying the tax system, expanding measures to stimulate entrepreneurship.

Despite this, in order to avoid the huge tax burden that led to the deterioration of the management system, a Concept for improving the tax policy of the Republic of Uzbekistan was developed. In accordance with this document, a number of changes were made to tax rates, which, starting from January 1, 2019. began to act on some types of taxes (see: Table 1), which will allow in recent years (meaning 2019-2021) to get rid of the shortcomings of the current tax system and increase the efficiency of both tax payments and the formation of revenues of budgets of different levels ...

Table 1 The dynamics of the tax rates in the Republic of Uzbekistan in 2017-2019y, in %

Indicators	2017 Nov.	2018 city of	2019 city of	2019 to 2017	2019 to 2018 city of
Corporate income tax	7.5	fourteen	12	+4.5	-2
Dividend tax	10	10	five	-five	-five
Personal income tax (maximum)	23	22.5	12	-eleven	-10.5
Value added tax	twenty	twenty	twenty	-	-
Unified social payment *	25	25	25	-	-
Unified social payment *	fifteen	fifteen	12	-3	-3
Single tax payment for small and private businesses	five	five	four	-one	-one
Legal entity property tax	five	five	2	-3	-3
Improvement and social infrastructure development tax	8.0	-	-	-eight	-eight

* Established in order to ensure the stability of the pension system, a single social payment in the amount of 25 percent for budgetary organizations and state enterprises, legal entities with a state share in the authorized capital (capital) of 50 percent or more, legal entities, in the authorized capital (capital) of which 50 percent or more belongs to a legal entity with a state share of 50 percent or more, and their structural units, as well as a reduction in the rate of this payment from 15 to 12 percent for other legal entities.

Despite the decisive measures taken, the new system may not stimulate the growth of the number and volume of production in a particular entity. For example, a new group of enterprises, which becomes a payer of VAT and property tax, is not differentiated taking into account the specifics of their production activities. Even under the conditions of simplified taxation, only 3% of produced vegetables and 10% of milk are processed industrially. What results can the payment of VAT by canning and dairy factories, land tax and property tax lead to? Certain risks and systemic problems remain here, of course.

Conclusion

It should be taken into account that tax administration, ensuring control over the execution of taxes should be extremely simplified. Otherwise, the state, which is at the stage of formation of its economy, in the event of a multiplicity and



inconsistency of tax legislation, will simply not be able to ensure the full implementation of tax revenues.

Thus, it can be concluded that today there remains the problem of developing strategic taxation activities. To a certain extent, you can rely on the new Tax Code. The state, in carrying out its policy, including taxation, should be guided by extensive scientific research in the field of taxation, and thereby resist changing economic conditions, preserving its own integrity and the well-being of its citizens.

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