

Eurasian  
Research Bulletin



# Issues of analysis of development and assessment of the current situation in the tax field

**Avazov Shodiyor  
Jumanazarovich**

Republic of Uzbekistan Master's student  
of the Academy of Banking and Finance

**ABSTRACT**

In this article, the new development strategy in our republic is to ensure the effectiveness of the tax-budget system. Tax policy plays a very important role in the economic policy of any country. The tax policy is closely related to other economic policies of the state and influences them. Correct development of tax policy and determination of its strategic and tactical directions is a very urgent and complex process.

**Keywords:**

Tax, tax attitudes, tax policy, tax policy strategy, tax policy tactics, tax rate, tax benefits, tax policy directions, state budget, tax administration, tax burden.

**Introduction** In Uzbekistan, the tax strategy is developed and discussed by several bodies, including the Ministry of Finance, the State Tax Committee and the Cabinet of Ministers. The Ministry of Finance plays a leading role in the development of the tax strategy. He is responsible for formulating proposals and drafting documents related to tax policy, including tax strategy. Today, the implementation of tax strategy and compliance with tax laws and regulations are of great importance.

**Analysis of literature on the topic:**

Tax strategy is an important aspect of tax management, and there is a significant body of literature on the topic. Here are a few examples of scholarly articles that have been published on tax strategy:

"Tax Strategy and Corporate Social Responsibility" by Thomas R. Pope, Margaret L. Shackell-Dowell, and Martin K. Welch (2015): This article discusses the importance of tax strategy in corporate social responsibility and how organizations can align their tax strategy with their overall CSR objectives.

"The Evolution of Tax Strategy: Evidence from the Literature" by Steven C. Dilley and Ron L. Roberts (2013): This article provides an overview of the evolution of tax strategy over time, tracing its development from a tactical approach to a more strategic one.

"A Taxonomy of Tax Strategies: Theoretical and Practical Perspectives" by Chris Evans and Stewart Jones (2015): This article proposes a taxonomy of tax strategies, categorizing them into four groups based on their level of alignment with an organization's strategic objectives.

"Tax Strategy and the Multinational Enterprise" by Reuven S. Avi-Yonah (2014): This article discusses the importance of tax strategy for multinational enterprises and provides insights into how these organizations can align their tax strategy with their business objectives.

"The Role of Tax Strategy in a Globalizing World" by Michael W. Klemm and David J. Lynch (2016): This article provides a comprehensive overview of tax strategy and its role in a globalizing world, including the impact of globalization on tax strategy and the importance

of collaboration between tax professionals and other business functions.

These articles, along with many others, provide valuable insights into the various aspects of tax strategy, including its evolution over time, the importance of aligning tax strategy with business objectives, and the impact of tax strategy on corporate social responsibility and shareholder value.

### **Analysis and discussion of results**

In the early years of independence, the complex economic situation with high rates of inflation determined the tasks of the tax policy to balance the budget deficit, finance the costs of social protection of the population, and search for resources to solve the priority tasks related to the modernization of the economy and the renewal of the production base of the national economy. .

Before the collapse of the USSR, the state budget of our republic was formed from 20% to 50% of loans and union allocations, and the sudden stoppage of external funds could not but cause a kind of financial shock. At the same time, in the nineties, the share of the state budget revenues of the Uzbek SSR in the generated national income was about 49 percent. The loss of funds from the union overnight certainly had an impact on the state of public finances and the overall macroeconomic situation.

In this regard, in 1992, the formation of a tax system designed to ensure revenues to the sovereign state budget in the conditions of the formation of market relations in the republic began.

The strategic directions of tax reforms were initiated by the decrees of the first President of the Republic of Uzbekistan - the head of state and executive power. The purpose of the adopted decisions and the methods of their implementation are specified in the decrees.

In this regard, after independence (1991-2001) the first stage of the formation and development of the national tax system was carried out taking into account the existing socio-economic situation in the country, that is, it was characterized by a large number of fiscally oriented taxes.

The need to solve these problems determined the main features of the tax policy at the initial

stage, the main tasks of which were the fiscal and redistributive functions of taxes aimed at solving narrower short-term problems in the context of high inflation and budget deficit.

The General State Administration under the Cabinet of Ministers, which was established on August 12, 1991 on the basis of the General State Finance and Tax Administration under the Ministry of Finance, played an important role in the formation of the tax system.

In 1992, in order to strengthen the tax bodies with organizational and personnel, an important role was played by the establishment of the main state department under the Cabinet of Ministers, the special control department and special control departments under the regional and Tashkent state tax departments within the Central apparatus. In 1993, a special department for control of foreign exchange receipts was established within the DSBB, DSB of the Republic of Karakalpakstan, regions and Tashkent city. In the same year, the foundations were created for the automation of document circulation, introduction of a single computer system in tax authorities.

In 1994, the State Tax Committee of the Republic of Uzbekistan was established on the basis of the General State Administration under the Cabinet of Ministers in order to implement the unified state tax policy. In the same year, the State Customs Committee was transformed into the main customs department within the DSQ.

The main tasks of the tax policy at the initial stage were:

- creation of a fundamentally new system of taxes and payments corresponding to the transition period and their introduction into economic practice;
- rapid response to the emerging economic situation, rapid changes to the tax legislation;
- provision of the income part of the budget in the conditions of its large deficit, progressive inflationary processes, decrease in production volume and increase in the number of unprofitable enterprises;
- formation of the state tax service as an independent system designed to ensure compliance with the requirements of current legislation in the field of calculation and

payment of taxes and other mandatory payments.

The specific characteristics of the economic situation are also reflected in the composition of taxes. It included non-traditional taxes, such as taxes on the export of raw materials, depreciation deductions, and a tax on corporate income.

During this period, it was not possible to implement certain traditional requirements for the tax system: gradual change, stability, simplicity and comprehensibility for taxpayers. Objective conditions demanded to change the tax system as soon as possible without proper practical study of all issues and preparation of the legal framework, training of tax inspectors and taxpayers.

At the initial stage of reforms, the following taxes were introduced:

- value added tax with a rate of 30% instead of turnover and sales tax, later in 1998 its rate was reduced to 20%, and at the same time a wide system of benefits was provided.
- excise tax on vodka, liquor-vodka products, alcohol, tobacco and other goods with an average rate of up to 40%, tax on products exported outside the republic,
- personal income tax calculated on a seven-step scale with a maximum rate of 60%;
- income tax from 15% to 35% with differentiated rates by economic sectors,
- property tax with a tax rate of 1% of the balance sheet value of fixed assets paid by legal entities.

Due to the high level of the budget deficit, new types of taxes have been introduced into the tax system since 1993, for example: 30% tax on depreciation deductions, in 1994 the rate was reduced to 20%, and 6% tax on material resources, water charges, etc.

In 1993, a new classification of revenues and expenses of the State budget of the Republic of Uzbekistan was introduced. The consistent implementation of economic reforms allowed Uzbekistan to avoid deterioration of economic conditions compared to other CIS countries at the first stage. For example, in 1991-1994, the reduction of the gross domestic product in real terms was the least among the republics of the former Union. The stable growth rate of GDP (on

average 4% per year since 1996) allowed Uzbekistan to reach the pre-reform level of GDP production in 2000, the first among the CIS countries. In addition, since 1996, the budget deficit has not exceeded 2 percent of GDP.

Successfully solving the urgent problems of the initial stage, ensuring the stabilization and growth of production, curbing inflation made it possible to move to the following relevant market principles of tax policy in the second half of the 90s:

- creating a basis for reducing the tax burden by granting incentives and reducing rates;
- abolition of taxes that do not meet the principles of market economy;
- regulation of tax relations, detection, elimination and prevention of tax violations.

Thus, the tax on raw materials exported outside the republic, 20% depreciation deductions, etc. were canceled.

A profit tax was implemented, which provides a number of incentives for enterprises that invest in new technologies and expand production. Taxation principles for resource taxes (land tax, tax on underground resources and tax on water resource use) have been changed. Some of the goods were exempted from excise tax, and imported alcohol and tobacco products, gasoline, oil, and natural gas began to be subject to this tax, which made it possible to increase revenues to the state budget.

The basis of the tax policy was to reduce the tax burden on enterprises. The high rates of taxes established in the first stage of economic reforms did not allow funds to be directed to the development of production and its technical re-equipment, replenishment of working capital and stimulation of the growth of the number of economic entities. Thus, in 1996, the VAT rates were reduced from 18% to 17%, and the income tax, whose rates differ depending on the volume of exported products and the share of foreign investments in the authorized fund of joint ventures, was reduced from 38% to 37%.

Since 1999, agricultural cooperatives (companies), farms, agro-firms, producers of other agricultural products have become single land tax payers, instead of paying all existing state (except excise tax on alcohol) and local taxes and fees.

of the President of the Republic of Uzbekistan on June 5, 2000

Decree No. PF-2613 from July 1, 2000 established a number of tax benefits and reliefs:

- income of exporting enterprises.

In April 1997, for the first time, the Tax Code of the Republic of Uzbekistan was developed and adopted, which made it possible to regulate relations between taxpayers and tax authorities. The code, incorporating the accumulated experience and world practice, significantly brought the tax legislation of Uzbekistan closer to the international level, began to regulate the tax regime, the principles of taxation and the conditions for the implementation of levies, and ensured state law and order and legality in the field of tax production.

In July 1997, the tax and customs functions of the State Tax Committee were separated, the customs authorities were transferred from the structure of the tax authorities to the independent structure of the State Customs Committee.

In August 1997, the law "On State Tax Service" was adopted in order to establish the legal framework, which defined the main duties and functions of tax authorities, introduced the position of district tax inspectors, and thus created the opportunity to work closely with the broad sections of the population. The Council of Experts of the State Tax Committee was established for practical consideration of controversial tax issues.

In order to regulate the registration of taxpayers, the system of issuing a taxpayer identification number (STIR) was introduced from April 1, 1997.

In the field of training of qualified personnel, in 1998, by the decision of the Cabinet of Ministers, the Tax College of the State Tax Committee was established.

In 2000, the new structure of the Central Office of the State Security Service was approved, new departments were established, the model structure of the State Security Service was adopted, and base points were established.

From January 1, 2001, the Pension Fund under the Ministry of Finance was transformed into an extra-budgetary Pension Fund, these payments were equalized with taxes and fees, and the

function of revenue control was transferred to the State Tax Committee.

The second stage of reforms (2002-2015) is based on the tasks of the first President and the government to liberalize all aspects of public life, to move forward on the path of economic reforms.

In this regard, the tax policy measures of the period were focused on:

- further reduction of the tax burden,
- simplification of the taxation system for small and medium-sized business entities,
- to protect conscientious taxpayers from unreasonable interference in economic activity,
- liberalization of criminal and administrative penalties, as well as more complete implementation of the principles of an effective tax system.

Thus, as part of the implementation of tax policy measures, the maximum rate of personal income tax was reduced by 1.4 times from 32% to 23%.

By the decree of the President of the Republic of Uzbekistan on August 30, 2003, the majority of medium-sized enterprises were included in small business, which gave them the right to switch to a simplified taxation system, in which the rate of tax deduction is two times lower than the generally established system, as well as significantly simplified financial and other reports. Simplified regimes of taxation, accounting and reporting were also applied to commercial and agricultural enterprises.

Since 2006, the environmental tax, which did not correspond to its economic content and led to double taxation of the company's expenses, was canceled. The cancellation of this tax freed up more than 113 billion soums per year for enterprises in economic sectors, which made it possible to direct the funds to modernization and increasing financial stability.

The term of payment of taxes and their calculations have been optimized. As a result, in 2003-2005, the amount of information and tax calculations submitted to the state tax service authorities was reduced by 65 percent. For example, the single tax on micro-enterprises and small enterprises has been paid quarterly, the single land tax has been paid three times a year, and VAT advance payments have been

abolished. The decrease in the frequency of paying taxes led to a decrease in transaction costs and a decrease in the attraction of working capital of entrepreneurs to other purposes, which is as important from the economic point of view as taxes themselves.

**Conclusions and suggestions:** With the results of the activities of the state tax service bodies, the expansion of the tax base, the strengthening of payment discipline, the formation of the culture of tax payment and the effectiveness of activities aimed at supporting business entities will be brought to a new stage of open dialogue with the general public, in particular, launching a special information analysis portal of tax authorities (tahlil.soliq.uz); It includes tax revenues for each type of tax and regions, the number of taxpayers, basic tax rates, the number of newly opened legal entities, the level of voluntary tax compliance, reimbursement of negative VAT amounts, the coefficient of breaking the VAT chain, the tax burden, information such as the average salary according to the reports, the profit of business entities, indicators of public control, the amount of online NKM checks, the dynamics of the turnover of electronic invoices, the processing of appeals, experts, analysts and the general public it is necessary to provide for its use.

**List of used literature:**

1. <https://www.redalyc.org/journal/4417/441768343003/html/>.
2. Vol. 41, No. 1 (1983), pp. 181-222 (42 pages)  
Published By: Springer
3. [https://www.researchgate.net/publication/302559561\\_A\\_Taxonomy\\_of\\_the\\_Tax\\_Compliance\\_Literature\\_Further\\_Findings\\_Problems\\_and\\_Prospects](https://www.researchgate.net/publication/302559561_A_Taxonomy_of_the_Tax_Compliance_Literature_Further_Findings_Problems_and_Prospects).
4. Advances in Social Science, Education and Humanities Research (ASSEHR), volume 168.
5. <https://www.oecd.org/g20/Tax-policies-for-inclusive-growth-in-a-changing-world-OECD.pdf>
6. Нормурзаев У. Ўзбекистонда солиқ сиёсатини такомиллаштиришда ҳудудлараро солиқ инспекцияси ўрни ва аҳамияти //Iqtisodiy taraqqiyot va tahlil. – 2024. – Т. 2. – №. 4. – С. 457-467.

7.Нормурзаев У. Ўзбекистонда солиқ сиёсатини такомиллаштириш ва унинг барқарорлигини таъминлаш йўллари //Iqtisodiy taraqqiyot va tahlil. – 2023. – Т. 1. – №. 6. – С. 177-182.

8.Нормурзаев У. Ўзбекистонда солиқ сиёсатини такомиллаштириш бўйича таҳлил ва таклиф //Iqtisodiy taraqqiyot va tahlil. – 2023. – Т. 1. – №. 7. – С. 329-336.

9.Нормурзаев У. "Мамлакатимизда солиқ тизимида амалга оширилган ислохотлар таҳлили." Iqtisodiy taraqqiyot va tahlil 1.4 (2023): 177-183.