



Legal Basis Of The Economic Essence And Characteristics Of Indirect Taxes In Uzbekistan

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ABSTRACT

The article examines the role of indirect taxes in the tax system of the Republic of Uzbekistan, reforming the tax system, further improving and increasing the efficiency of the tax mechanism, as well as generally recognized international norms and standards in the field of taxation, and draws conclusions from advanced international experiences. . It defines the main directions of improvement of control mechanisms, the main focus is on policy reforms, technological integration and capacity building in tax authorities.

Keywords:

Tax burden, tax legislation, mechanism of indirect taxes, tax benefits, indirect taxation, direct taxation, tax revenue, value added tax, import, customs duty, excise tax, customs payments, taxes and taxation, excise products, practice of taxation of excise goods.

Introduction. Depending on their economic nature, taxes are divided into indirect and direct taxes, or direct and indirect taxes. The legal payers of indirect taxes are those who export products (works, services). However, the real payers of the tax burden to the budget are the consumers of goods (works, services), that is, all indirect taxes fall directly on consumers. These taxes are imposed in addition to the cost of goods (works, services). The positive side of indirect taxes is that they limit the export of goods produced in the republic, contribute to the distribution of goods within the country, and somewhat restrain the level of inflation (excess money supply in circulation). A reasonable increase in the rate of indirect taxes does not directly affect the financial results of enterprises, that is, it does not reduce investment activity. Therefore, it is expedient to study the main directions of improving indirect taxation in our republic and at the same time develop solutions to controversial issues from the perspective of studying and analyzing

theoretical factors of indirect taxation and tax administration, as well as world experience.

Analysis of literature on the topic. In a number of countries at different stages of economic development, indirect taxation is recognized as an effective form of taxation.

According to Q.A. Yahyoev, "Taxes are divided into indirect and direct taxes, or direct and indirect, depending on their economic nature. Direct taxes are paid directly by the tax payers themselves, that is, both the legal and real tax payers are the same person. There is no case of increasing the direct tax burden on others here. Taxes include all income taxes and all property taxes. The legal payers of indirect taxes are those who send products (works, services) (providers of services). However, the real payers of the tax burden to the budget are the consumers of goods (works, services), that is, the real taxpayers are hidden here." [1].

Shadurskaya (2019) referred to indirect taxes and defined them as "Indirect taxes are taxes in the form of an additional price added to the

tariff for goods and services” (Shadurskaya et al., 2019). [2].

According to Zotikov (2018), the relevance of the topic of indirect taxation is due to the fact that the Russian tax system has been a system based on the predominance of indirect taxation since its inception and throughout its existence. The share of indirect taxes in the Russian tax system is more than 60%. The Russian tax system includes indirect taxes: VAT, excise duties, customs duties. Krivosheeva (2021) recognized the importance of indirect taxes in her scientific work as follows: indirect taxes have a clear fiscal and regulatory function. The indirect taxation system is the most convenient form of attracting revenues to the treasury, allowing for the rapid and regular receipt of large amounts. It includes the ability to influence the economy, that is, to stimulate or restrict production in one direction or another, and to regulate consumption, and at the same time allows for a quick response to economic processes. Vasileva (2008) touched upon the functions of indirect taxes and indicated the following, It is known that in a market economy, taxes perform three main functions: 1) fiscal function - attracting funds to the state budget to finance state expenditures; 2) social function - as a means of maintaining social balance, reducing inequality between individual groups by changing the ratio of their incomes and ensuring a fair distribution of income; 3) regulatory function - as a lever in managing the economy (Vasileva, 2008). Ishina (2009), paying special attention to the regulatory function of indirect taxes, emphasizes the following. The specific feature of the regulatory function of taxes is determined by their indirect impact on the economy: it takes a certain time to obtain the planned result in the economy from the implementation of tax policy. At the same time, the regulatory function is aimed at stimulating the effective demand of the population through the tax system, stimulating investment and entrepreneurial activity of organizations and citizens, increasing the supply of goods, developing the social sphere, etc. The regulatory potential of indirect taxes lies, first of all, in their ability to influence the

composition of consumption and, through it, production [3].

M.M. Shadurskaya, referring to indirect taxes, defined “Indirect taxes are taxes in the form of additional prices imposed on the tariff of goods and services.” [4]

D.E. Giles, L.M. Tedds defined smuggling as all legal or illegal, market or non-market operations carried out with the aim of evading tax payments from the tax authority. Evasion of indirect taxes is often associated with smuggling, especially crimes against customs tariffs. Smuggling crimes affect monetary and non-monetary income, such as embargoes, product quality and quotas [5].

O.R. Tegetaeva believes that “although excise taxes are part of indirect taxes, their main importance today is that they are a criterion for assessing the state and prospects of social consumption of the population” [6].

M.A. Troyanskaya and Y.O. Nizamieva noted that “creating opportunities for the use of excise taxes as an effective form of indirect taxation as a means of regulating consumption and stimulating production, ensuring their sustainability, is of great importance” [7].

However, it is worth noting that the topic of tax administration has been studied very little in scientific research conducted in our country.

Research methodology This article studies the scientific works of foreign and domestic economists devoted to the types of indirect taxes, the role of indirect taxes in the tax system of the Republic of Uzbekistan, tax administration, and the specific features of indirect taxes. The methods of grouping statistical data, comparative analysis, and sample observation were used in the analysis of the Tax Committee data. The methods of comparative analysis of literature, logical and structural analysis, grouping and comparative comparison, economic-statistical analysis and comparative analysis, and sample observation were used as research methodologies.

Analysis and results.

Reforms in the tax system, along with stimulating entrepreneurship, can also lead to positive changes in other sectors of the economy. For example, as a result of increasing the efficiency of the tax system, budget revenues

increase, which allows expanding social programs implemented by the state. At the same time, by reducing the tax burden, consumers' incomes can increase and they can spend more, which will help increase domestic consumption. Due to the interconnectedness of different sectors of the economy, reforms in the tax system play an important role in ensuring overall economic stability in the long term.

According to the experience of many countries, tax system reforms have a significant impact on the business environment and investment flows. In particular, international financial institutions are also calling for the use of tax reforms to support entrepreneurship and economic growth. Tax simplification and digitalization processes optimize public administration and reduce corruption. The widespread introduction of electronic systems makes it possible to make the activities of tax authorities more transparent and simplify the process of fulfilling taxpayers' obligations.

In general, by improving the tax system, countries can stimulate economic growth, improve the business environment, and increase state budget revenues. Tax reforms have a positive impact not only on the economic, but also on the social spheres. Therefore, tax policy continues to be improved in line with modern requirements and economic conditions, which is of crucial importance in ensuring economic stability and development.

Although the VAT system in the European Union (EU) countries works effectively, the process of refunding negative VAT can create difficulties for many businesses. Since the German economy is export-oriented, the amount of VAT refunds is very high. Billions of euros of VAT surplus are refunded to businesses every year. Although the tax authorities in Germany have a good infrastructure for VAT refunds, in some cases complex audit procedures can delay these refunds. In Italy and Spain, the refund of negative VAT is carried out relatively slowly. In these countries, taxpayers can wait a long time for their VAT refund, which negatively affects the financial situation of businesses. In Spain, the average VAT refund period can be up to 12 months.

The process for refunding VAT losses varies across countries around the world. While digital technologies have simplified the refund process in developed countries, bureaucratic complexities and lack of infrastructure in developing countries cause delays. Worldwide, the recovery of VAT losses is often a lengthy process, causing financial hardship for many businesses. For this reason, many countries are working to implement digital reforms to simplify and improve refund processes.

Decree of the President of the Republic of Uzbekistan No. PF-60 dated January 28, 2022 "On the Development Strategy of New Uzbekistan for 2022-2026", Resolution of the President of the Republic of Uzbekistan No. PQ-20 dated May 30, 2024 "On measures to organize an open dialogue of the President of the Republic of Uzbekistan with entrepreneurs", Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 489 dated August 14, 2020 "On measures to improve tax administration in relation to value-added tax and foreign legal entities", Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 153 dated April 4, 2022 "On amendments to certain resolutions of the Government of the Republic of Uzbekistan" and this It serves to a certain extent in the implementation of the tasks set out in other regulatory documents related to the industry.

Value Added Tax (VAT) is a key component of modern tax systems worldwide, providing governments with an important source of revenue and influencing economic decisions. Its implementation and development in different countries are influenced by many socio-economic factors, political reasons, and international trends. In the case of Uzbekistan, the introduction of VAT is an important stage in the country's financial history, which is closely related to the direction of overall economic development. Our study aims to study the emergence of VAT in Uzbekistan, its implementation and problems, as well as subsequent reforms. By analyzing the process of VAT introduction in the conditions of Uzbekistan, this study aims to reveal its impact on the economy, its effectiveness in generating

revenues, and its importance in creating tax and budget policy.

The development of the value-added tax (VAT) system in Uzbekistan has been influenced by both domestic reforms and international experience, which indicates a steady growth in its fiscal policy. The formation of the VAT system in the country and its effectiveness have occurred as a result of global factors and local changes aimed at improving the tax system. An analysis of European countries shows that, despite the relatively low VAT rates, Uzbekistan has achieved effective reforms aimed at easing the economic burden. The VAT system of Uzbekistan has changed, adopting the successful experiences of other countries, to reduce disparities in the tax collection process and transition to a more equitable and sustainable tax system. Uzbekistan's VAT policy has been shaped primarily by reforms implemented under the influence of international practices to ensure sustainable economic growth. Some specific features of tax rates are noted in the context of improving the system for collecting value-added tax in the economy. Firstly, in a market economy, taxes serve not only as the main source of state budget revenues, but also value added tax is an important tool for state management of the economy and financing priority sectors. In order to bring the country's economy to sustainable growth, it is necessary to improve the mechanisms for collecting value added tax, since this tax accounts for about 50 percent of state budget revenues.

Today, value added tax (VAT) is recognized as one of the most important types of indirect taxes in Europe. All EU members have introduced this tax, and this is included in its mandatory provisions. At the same time, for new members wishing to join Europe, the introduction of the VAT system is an important condition for joining the EU. Such widespread use of VAT is justified by several reasons. First of all, one of the biggest advantages of VAT is that this tax is added to the price of a product or service at each stage of production and distribution, and as a result, the exact tax-paying part of the product is clearly indicated. This avoids the problem of double taxation and the revenue is calculated

accurately at each stage. Firstly, this increases the efficiency of the tax and aligns the tax burden for producers and consumers. This tax system allows for the collection of taxes on goods or services that are not directly identified in the production process, which eliminates cases of repeated tax payments. Secondly, another important advantage of VAT is its effect on export and import taxes. In export transactions, products and services are exempt from VAT, which increases the competitiveness of national producers in foreign markets. Imports are paid together with VAT, which protects the internal market and gives an advantage to local producers. This practice helps to eliminate internal fiscal borders within the European Union and ensure a level playing field in the European market. This strengthens economic cooperation between members and ensures the stability of the common market.

The widespread introduction of VAT for the European Union is aimed not only at increasing the efficiency of the economic system, but also at simplifying trade processes between members and ensuring fiscal stability. VAT is clearly divided between the producer and the consumer, requiring a clearly calculated and balanced payment at each stage, which is one of the important mechanisms aimed at ensuring the stability of the internal market. Also, the mandatory introduction of VAT for new members ensures compliance with the single rules of economic and tax policy within the European Union. This will help to coordinate tax systems within the European Union, as a result of which economic cooperation between the member states will be more effective. Such an approach is aimed at ensuring equal conditions in the European market, which will benefit both national producers and consumers. It can be noted that the mandatory introduction of VAT will create an opportunity for the European Union to manage a common tax policy on the basis of single rules and distribute the tax burden equally among its members. This will further strengthen the efficiency and stability of the market.

Indirect taxes have a long history. During the Timurid period, direct taxes were considered the main taxes, including land tax (khiraj),

personal tax (juzya), the obligation to deliver livestock (ulaq) and some extraordinary taxes (ovorizot). During the Timurid period, the "tamga" tax was widespread as an indirect tax, which was collected mainly from artisans and merchants. Historically, excise tax was considered a tax on production, not consumption, that is, it was collected from manufacturers at the place of production. The fact that excise tax was set at a fixed amount per unit of product or as a percentage of the value of the goods further complements the administrative advantages of the tax. In addition, excise taxes, especially when calculated per unit of administrative costs, can bring high revenues if the group of excisable goods is carefully thought out and includes a limited group of goods.

The main difference between excise taxes and other consumption taxes and mandatory payments is: first, the specificity of their scope - application to the consumption of a specific good (service) or group of goods (services), and second, they are not equivalent. The first feature distinguishes excise taxes from consumption taxes with a broad tax base - value added tax or sales tax, and the second feature distinguishes them from various fees and charges paid for the use of goods and services by the public.

Based on the functions they perform, excise taxes can be divided into three main groups: the first group includes traditional excise taxes (on alcoholic beverages and tobacco products). The collection of excise taxes in this group mainly has two goals: to limit the consumption of socially harmful products and to achieve fiscal objectives; the second group includes excise taxes on oil and oil products; the third group includes excise taxes on luxury goods, which usually do not have a clearly defined fiscal goal. Excise taxes in this group often perform a redistributive function, since the consumers of these products are the wealthy segment of the population. In addition, it is worth mentioning the following other goals, for example, by imposing an excise tax on capital-intensive industrial products, which in some countries are considered luxury goods (cars, expensive electronics, etc.), it is possible to stimulate labor-intensive industries, to stimulate local

producers by introducing an excise tax in addition to customs duties on imported goods, or to improve the foreign trade balance. The transition economy can achieve positive results through a rationally established excise taxation system, since it is possible to form a significant share of tax revenues in the early stages of the transition period through excise taxes.

Since excise taxes are indirect taxes, their economic essence is characterized by financial relations based on objective mandatory payments that arise between the state and legal entities. Therefore, excise taxes should be considered as a specific fiscal economic category.

Excise tax also plays an important role in the general tax policy of the state in developed foreign countries. Excise tax is a type of indirect tax that is directly imposed on the price of products and services of an enterprise or in the form of a surcharge to the price. If the economic essence of excise tax is to satisfy the interests of the national economy by ensuring budget revenue and attracting more funds, then its social essence is expressed in increasing the solvency of the population, that is, the main consumers. This is reflected in the reduction of excise tax objects (excise goods), a decrease in tax rates, and an increase in the solvency of the population.

Excise tax, by its nature, is an indirect tax that is included in the price of goods and paid by the final consumer. Its socio-economic essence is expressed and improved only depending on the level of distribution. Excise tax was first introduced in 1992 in accordance with the Law of the Republic of Uzbekistan "On Taxes Collected from Enterprises, Associations and Organizations" adopted on February 15, 1991, taking into account the changes and additions subsequently introduced by the laws of the Republic of Uzbekistan and the transition of the republic's economy to market relations. According to the Tax Code of the Republic of Uzbekistan, excise tax is a part of net income collected in the form of an indirect tax, taken into account in the price and the value added tax base. Excise tax has certain similarities with value added tax, but is distinguished by its

specificity, the degree of connection with specific goods.

Excise tax rates are set as a percentage of the value of a good or service (ad valorem), as an absolute amount (fixed) per unit of measurement expressed in kind, as well as as a mixed rate consisting of ad valorem and fixed rates. For excisable goods, the tax base for which excise tax rates are set as an absolute amount (fixed), is determined based on the volume of excisable goods expressed in kind. For excisable goods produced, the tax base for which excise tax rates are set as a percentage (ad valorem) is the value of the excisable goods sold, excluding excise tax and value added tax. The taxable base is the value calculated on the basis of the price determined by the taxpayer at the time of transfer of the goods, not less than the actual cost, in the case of excise goods provided for work, calculated dividends, free of charge or in exchange for other goods (works, services), as well as in the case of their sale at a price lower than the cost of the goods.

As we know, excise tax is levied in our republic in two directions, namely on excisable goods produced by legal entities in our republic and on goods imported into the territory of our republic by legal entities and individuals. Excise tax on excisable goods produced by legal entities in our country In most countries of the world, excise tax is used as a means of encouraging the abandonment of harmful habits, which improves the quality and duration of life. In some developed countries, for example, in the USA, excise taxes are a tax of federal significance. But their share in the state budget revenues is relatively small. Excise tax is introduced on food and alcoholic products, transport services. The excise tax rate is 10 percent.

In the UK, excise taxes rank second in terms of weight among indirect taxes after value added tax. Excise tax is introduced on fuel, alcohol and tobacco products, vehicles and services. Its rates range from 10 to 30 percent.

In Germany, the bulk of excise tax revenues are transferred to the Federal Budget, except for the excise tax introduced on beer, which does not go to the Federal Budget. Excise tax rates are set as a percentage of the unit of goods and in "euro".

For example, the excise tax rate on insurance contracts is set at 12 percent of the policy amount. The tax rate for champagne is set at 2 euros per 0.75 liter.

For example, improving the excise tax administration in the Russian state faces a number of challenges and issues that need to be addressed to ensure effective tax collection and compliance. One of the main challenges for excise tax administration is the fight against tax evasion and smuggling of excisable goods.

This results in significant losses of government revenue and creates an uneven playing field for businesses that comply. Excise tax laws in Russia can be complex and change frequently, making compliance difficult for businesses. Simplifying and clarifying tax legislation can help improve compliance. In addition, ensuring effective enforcement of excise tax regulations is crucial to preventing tax evasion. The Russian government can strengthen its excise tax administration and enhance revenue collection while supporting fair and equitable taxation.

In some developed countries, for example, in the USA, excise taxes are considered taxes of federal importance. However, their share in the state budget revenues is relatively small. Excise taxes are imposed on tobacco and alcoholic products, as well as transport services. The excise tax rate is 10 percent.

In the UK, excise taxes rank second in terms of weight among indirect taxes after value added tax. Excise taxes are imposed on fuel, alcohol and tobacco products, vehicles and services. Their rates range from 10 to 30 percent.

In Kazakhstan, excise taxes are levied not only on goods produced in the republic, but also on imported goods and the gaming business. The list of excisable goods is the same for both domestic producers and imported goods. The exact rates for goods are approved by the government.

Universal excise is especially burdensome for the poor. The introduction of a turnover tax on all consumer goods leads to a general increase in prices and a sharp deterioration in the standard of living of the population. Excise duties are a type of indirect taxes that are mainly included in the price or tariff of mass consumer goods (services). Payers of excise

duties are consumers who pay for goods or services. Excise duties reduce the real income of buyers, and the imposition of excise duties is regressive. Excise duties on flour and other mass consumer goods existed even in ancient Rome. With the development of commodity-money relations, the excise form of taxation became more widely used. Various methods of taxation were applied: to the land on which the raw materials of the excise goods were grown, then to raw materials, then to semi-finished products and, finally, to finished products, which were the main object of taxation. In addition to the taxes mentioned above, there are many other types of taxes in the member states of the European Economic Community. As a rule, these taxes are difficult to consider within the framework of a single system. They are formed in their own way and have been influenced differently by the historical development of the states. For example, in the Federal Republic of Germany, these are taxes on working capital (when a company is established on the basis of 1% of the authorized capital and has a 2.5% capital participation method), craft tax (5% of the income and 0.2% of the value of the production fund), property tax (0.5-0.6%), land tax, and taxes on vehicles. In France, it consists of a capital increase tax (or registration fee - 1%), a tax on the owner of a professional enterprise, etc. The tax systems of the CIS member states are also quite complex, with a large number of various benefits.

From the specific examples given above, it can be concluded that in order to harmonize the domestic and foreign policies of the countries of the Commonwealth of Independent States, it is necessary to harmonize tax systems, budget processes, state expenditures, and control systems. Such an agreement is especially necessary in the field of taxes. This is exactly the path that the countries of the European Economic Community are taking. At the same time, each of the CIS countries currently has its own tax legislation, which is coordinated with each other. Such an uncoordinated financial policy is already showing its effect in mutual settlements due to the fact that different prices are applied to the same product, different taxes and rates exist. Such differences lead to the fact

that some countries pay more for the same product, while others pay less, which means that price parity is violated in relations between CIS countries.

Conclusions and proposals.

In the current legislation, the amount of fees for the right to sell alcoholic beverages is set per month, depending on the region:

- from 1.2 million soums to 300 thousand soums for the right to sell at retail;

- from 600 thousand soums to 150 thousand soums for sale by catering establishments. Maintain the current amount of fees for the right to sell alcoholic beverages.

Grant tax authorities the authority to suspend the right to sell alcoholic beverages at retail and in catering establishments for ten days for the sale of homemade, unmarked or counterfeit excise stamps, unmarked and for concealing the tax base, and to allow them to resume their activities after the deficiencies are eliminated. In order to ensure the safety of human health and protect consumer rights, it is proposed to strictly regulate the retail sale of alcoholic beverages and their activities in catering establishments.

In conclusion, in the Republic of Uzbekistan, as is the practice of countries with developed tax policies, direct taxes have a significant increase in tax revenues compared to indirect taxes. Based on the study of the experience of foreign countries, we propose to strengthen scientific research on reducing the share of indirect taxes in total revenues.

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