CENTRAL ASIAN JOURNAL OF INNOVATIONS ON TOURISM MANAGEMENT AND FINANCE

https://cajitmf.centralasianstudies.org/index.php/CAJITMF

Volume: 05 Issue: 06 | October 2024 ISSN: 2660-454X

Article

Direct and Indirect Tax Administration in Uzbekistan

Alisher Otajonovich Idirisov

Independent researcher of Tashkent State University of Economics

e-mail: idirisovalisher6@gmail.com

Abstract: This article discusses the organization of direct and indirect tax administration, including the procedures for calculating and paying these taxes, their fiscal importance in the state budget, as well as some issues of improving administration in this direction.

Keywords: Direct taxes, indirect taxes, corporate tax, income tax, resource taxes, tax base, tax object, tax period, tax rate, tax incentive.

Introduction

It is no exaggeration to say that when we talk about the economic base of each country, we start to imagine taxes. Because there is every country in the world whose financial means and support cannot be tied to taxes. Therefore, the tax system is an integral part of the state's economy and serves as an important mechanism for achieving the priority directions of social and economic development of the country.

Taxes are divided into different groups according to their nature. Taxes in force in Uzbekistan can be divided into groups of direct and indirect taxes according to their economic nature. Currently, direct and indirect tax receipts in Uzbekistan are gaining significant fiscal importance in the formation of state budget revenues.

As an important factor in increasing the competitiveness of the economy of Uzbekistan, several laws were adopted in order to create favorable conditions for business entities and investors, as well as to organize the provision of modern tax services by tax authorities, automating the taxation processes. Also, in recent years, reforms have been consistently implemented in order to develop Uzbekistan socially and economically, support entrepreneurship, and create a level playing field for them, which in turn opens the door to a wider range of opportunities for reducing the tax burden and further improving the tax and customs administration.

Consistently reducing the tax burden in Uzbekistan, simplifying the taxation system and customs procedures, as well as improving the tax and customs administration are among the first tasks of the tax policy. This, in turn, serves as the most important factors in the rapid development of our economy and further improvement of the investment attractiveness of Uzbekistan.

We can say that the reforms carried out in the tax sector over the past years have further expanded new opportunities aimed at reducing the tax burden and simplifying the tax system, improving tax administration, developing business activities and creating a favorable environment for attracting foreign investments.

In our opinion, the high share of direct taxes in the country's budget can indicate the high income of enterprises and citizens, the development and stability of the economy. Also, a high share of indirect taxes can mean the size of consumption, the share of the informal sector in the economy is slightly higher, and the efficiency of tax collection is well established.

Citation: A.O.Idirisov Direct and Indirect Tax Administration in Uzbekistan Central Asian Journal of Innovations on Tourism Management and Finance 2024, 5(6), 248-254.

Received: 24th August 2024
Revised: 24th Sept 2024
Accepted: 1th Oct 2024
Published: 8th Oct 2024

In our opinion, the establishment of a tax administration system aimed at providing comprehensive services to business entities, as well as ensuring the voluntary fulfillment of tax obligations by them, and as a result of this, reducing the secret economy, as well as stimulating the processes of legalization of business activities, is considered appropriate in all respects.

Also, we believe that it is necessary to consistently continue the reforms aimed at improving the tax policy and increasing the efficiency of the tax administration in Uzbekistan.

Literature review

A number of legal documents have been put into practice in Uzbekistan in order to regulate relations related to the administration of direct and indirect taxes. The tax administration of direct and indirect taxes is legally strengthened in these laws.

The current legislation provides for the payers of direct and indirect taxes, the object and basis of taxation, tax rates, tax period, tax benefits, the procedure for calculating the tax and submitting the tax report, and the payment procedures [1].

From January 1 of this year, in accordance with the amendments and additions to some articles of the Tax Code, some rules of direct tax administration have been further improved. In particular, the threshold amount of the income of business entities, which must pay profit tax payments no later than the 15th of each month, was set to increase from 5 billion soums to 10 billion soums, the income of self-employed persons from labor activities or from the sale of goods (services) during the tax period is 100 Amendments have been made which stipulate that self-employed persons will be taxed in accordance with the established procedure for self-employed persons from the date of exceeding one million soums for the purposes of the Tax Code. In addition, the fixed tax rates for taxpayers paying a fixed amount of turnover tax, the tax rate for taxpayers whose total income does not exceed 500 million soums is 20 million soums. 25 million soums. per soum, the tax rate for taxpayers whose total income exceeds 500 million soums is 30 million. 34 million soums. increased to soum. Also, for the purpose of taxation, the property tax base collected from individuals on non-residential real estate must not be lower than the absolute value set for 1 square meter, as for legal entities, and the rates of property and resource taxes for the current year have been indexed. Also, in accordance with the amendments and additions to some articles of the Tax Code, some rules of indirect tax administration were further improved. In particular, some tax exemptions on value added tax were canceled from April 1 of this year, as well as 500 soums per liter of carbonated and consumer packaged drinks containing sugar or other sweetening or flavoring substances, and 2,000 soums per liter of energy and refreshment drinks. excise tax in the amount of soums was introduced [2].

At the same time, the minimum rental rates set for tax purposes for individuals renting property were also indexed [3].

The Cabinet of Ministers of the Republic of Uzbekistan issued the Regulation "On the procedure for reimbursement of the amount of value added tax", the Regulation "On the forms of invoices and the procedure for their filling, presentation and acceptance" and "The basis of the value added tax based on the market value of goods (services)" "Regulations on the procedure for determining the exit" were approved. These laws define the conditions and procedure for reimbursement of the amount of value added tax, the forms of invoices and the procedure for their filling, presentation and acceptance, as well as the procedure for determining the base of value added tax based on the market value of goods (services) [4].

At the next meeting of the President of the Republic of Uzbekistan Shavkat Mirziyoev with entrepreneurs of Uzbekistan held on August 20 of this year, important new initiatives to create additional conditions for entrepreneurship were announced. In particular, initiatives have been put forward in a number of directions, such as providing business with infrastructure, land and energy, creating an environment of equal competition in the domestic market, expanding access to foreign markets, and giving new impetus to the service sector.

As a result, from January 1, 2025 to January 1, 2028, the profit tax rate for catering establishments will be reduced by 50%, and it is planned to develop a draft law on improving taxation of land plots with auxiliary buildings and structures used in agriculture. In Uzbekistan, starting from January 1, 2025, the practice of exempting turnover from value added tax on the sale of vacant plots of land not intended for agriculture on the basis of property rights is being introduced in electronic online auctions. Also, from October 1, 2024, to business entities providing tour operator and hotel services, and from January 1, 2025, to business entities providing catering services, until January 1, 2028, the non-cash part of the monthly turnover of value added tax paid by the 25th of each month (through payment terminals or mobile payments) There is a system of reimbursement from the republican budget to caterers with more than 60% - 40% of the value added tax paid to the budget, caterers with less than 60% - 20% of the value added tax paid to the budget, tour operator and hotel service business entities - 20% of the value added tax paid to the budget has become available [5].

In the course of our research, we tried to study the content and essence of the laws regulating these relations in order to clarify the theoretical and legal foundations of the implementation of tax administration.

In the opinion expressed by V. Panskov, definitions are given that "Tax administration is the activity of managing state and local bodies in tax planning, formation and improvement of the system of taxes and levies, compliance with tax legislation and the fulfillment of the obligations of tax relations participants" [6].

Opinions in this direction were expressed by I. Aleksandrov, who defined that "Tax administration is the management activity of tax authorities and financial authorities in the field of taxation" [7].

A.Shcherbakov and E.Tkach also defined the concept of "Tax administration" as follows: "The essence of tax administration is determined by the characterization of the relations of tax authorities and taxpayers in the forms of production and economy that arise in the collection of taxes" [8].

In the opinion expressed by J. Urmonov, "Tax administration - coordinating the activities of state fiscal bodies in accounting for taxes and tax objects, carrying out tax control, determining responsibility for tax violations, compliance with tax laws and the fulfillment of obligations of tax relations participants is defined as a system of managing tax relations" [9].

Tax administration is a procedural activity as a specific type of activity. Tax administration as a process of management and organization is focused on the mobilization of funds and regulation of tax relations, and is carried out within the framework of the tax process [10].

Research methodology

This article used statistical data grouping, comparison, comparative analysis and other methods. Also, some issues related to the organization and further improvement of the current legislation on the administration of direct and indirect taxes were analyzed.

Analysis and results

In the Republic of Uzbekistan in 2023, the total tax revenues to the budget amounted to 165,918 billion soums, of which 72,705 billion soums (43.8%) were contributed by direct taxes. The share of profit tax in the total revenue of direct taxes was 40,779 billion soums (56.1%), the share of income tax was 29,518 billion soums (40.6%), and the share of turnover tax was 2,407 billion soums (3.3%).

Also, total tax revenues in the first quarter of this year amounted to 40,328 billion soums, of which 18,036 billion soums (44.7%) were contributed by direct taxes. The share of profit tax in the total revenue of direct taxes was 9,697 billion soums (53.8%), the share of income tax was 7,745 billion soums (43.0%), and the share of turnover tax was 594 billion soums (3.2%). Accordingly, total tax revenues in the second quarter of this year amounted to 45,458 billion soums, of which 19,418 billion soums (30.8%) were contributed by direct taxes. The share of profit tax in the total revenue of direct taxes was 9,474 billion soums (48.8%), the share of income tax was 9,188 billion soums (47.3%), and the share of turnover tax was 756 billion soums (3.9%).

Table 1. Information on direct tax revenues, billion soums

Indicators	2023 year (income)	2024 year (prognosis)	2024 year 1 quarter (income)	2024 year 2 quarter (income)
Revenues to the budget (total)	165 918 (100 %)	270 703,1 (100 %)	40 328 (100 %)	45 458 (100 %)
Direct taxes	72 705 (43,8 %)	85 610,9 (31,6 %)	18 036 (44,7 %)	19 418 (30,8 %)
Profit tax	40 779 (56,1 %)	44 282,7 (51,8 %)	9 697 (53,8 %)	9 474 (48,8 %)

Personal income tax	29 518 (40,6 %)	38 477,0 (44,9 %)	7 745 (43,0 %)	9 188 (47,3 %)
Turnover tax	2 407 (3,3 %)	2 851,1 (3,3 %)	594 (3,2 %)	756 (3,9 %)

Source: Information of the Tax Committee under the Cabinet of Ministers of the Republic of Uzbekistan

From the data in the above table, it can be seen that the total tax revenues expected to enter the budget of the Republic of Uzbekistan in 2024 are planned to be 200,703.1 billion soums, of which 85,610.9 billion soums (31.6%) are expected to be direct taxes. The share of profit tax in the total revenue of direct taxes is 44,282.7 billion soums (51.8%), the share of income tax is 38,477.0 billion soums (44.9%), and the share of turnover tax is 2,851.1 billion soums (3, 3 %) is planned.

Also, 28,079 billion soums (16.9%) of the total tax revenues received in the budget in 2023 were accounted for by resource taxes. Also, the total revenue from resource taxes in the 1st quarter of this year amounted to 40,328 billion soums, of which 8,072 billion soums (20.0%) were contributed by resource taxes. Accordingly, total resource tax revenues in the second quarter of this year amounted to 45,458 billion soums, of which 8,266 billion soums (18.2%) were accounted for by resource taxes.

Table 2. Information on resource tax revenues, billion soums

Indicators	2023 year (income)	2024 year (prognosis)	2024 year 1 quarter (income)	2024 year 2 quarter (income)
Revenues to the budget (total)	165 918 (100 %)	270 703,1 (100 %)	40 328 (100 %)	45 458 (100 %)
Resource taxes	28 079 (16,9 %)	31 831,3 (27,3 %)	8 072 (20,0 %)	8 266 (18,2 %)
Land tax	6 890 (24,5 %)	7 171,1 (22,5 %)	1 853 (22,9 %)	2 169 (26,3 %)
Subsoil use tax	15 300 (54,6 %)	16 684,2 (52,4 %)	4 261 (52,8 %)	4 104 (49,6 %)
Property tax	5 098 (18,1 %)	6 715,0 (21,1 %)	1 718 (21,3 %)	1 807 (21,9 %)
Tax for use of water resources	791 (2,8 %)	1 261,1 (4,0 %)	240 (3,0 %)	186 (2,2 %)

Source: Information of the Tax Committee under the Cabinet of Ministers of the Republic of Uzbekistan

From the data in the above table, it can be seen that the total tax revenue expected to enter the budget of the Republic of Uzbekistan in 2024 is planned to be 200,703.1 billion soums, of which 31,831.3 billion soums (27.3%) are expected to be resource taxes.

In the Republic of Uzbekistan in 2023, the total tax revenues to the budget amounted to 165,918 billion soums, of which 49,116 billion soums (29.6%) were contributed by indirect taxes. The share of value added tax in the total revenue was 33,983 billion soums (20.5%) and the share of excise tax was 15,133 billion soums (9.1%). Also, we can see that the share of value added tax was 69.2% and the share of excise tax was 30.8% in the total revenues of indirect taxes.

In addition, total tax revenues in the first quarter of this year amounted to 40,328 billion soums, of which 11,839 billion soums (47.7%) were contributed by indirect taxes. The share of value added tax in the total income was 8,382 billion soums (20.8%) and the share of excise tax was 3,457 billion soums (8.6%). Also, we can see that the share of value added tax was 70.8% and the share of excise tax was 29.2% in the total revenues of indirect taxes.

Accordingly, total tax revenues in the second quarter of this year amounted to 45,458 billion soums, of which 14,005 billion soums (30.8%) were contributed by indirect taxes. The share of value added tax in the total revenue was 9,425 billion soums (20.7%) and the share of excise tax was 4,581 billion soums (10.1%). We can also see that the share of value added tax in the total revenues of indirect taxes was 67.3%, and the share of excise tax was 32.7%.

Table 3. Information on indirect tax revenues, billion soums

#	Indicators	2023 year (income)	2024 year (prognosis)	2024 year 1 quarter (income)	2024 year 2 quarter (income)
1	Revenues to the budget (total)	165 918 (100 %)	270 703,1 (100 %)	40 328 (100 %)	45 458 (100 %)
2	Indirect taxes (share of total revenue)	49 116 (29,6 %)	111 654,5 (41,2 %)	11 839 (44,7 %)	14 005 (30,8 %)
3	Value added tax (share of total revenue)	33 983 (20,5 %)	74 045,7 (27,3 %)	8 382 (20,8 %)	9 425 (20,7 %)
4	The share of value added tax in the total revenue of indirect taxes (percentage)	69,2 %	66,2 %	70,8 %	67,3 %
5	Excise tax (share of total revenue)	15 133 (9,1 %)	22 769,2 (8,4 %)	3 457 (8,6 %)	4 581 (10,1 %)
6	The share of excise tax in the total revenue of indirect taxes (percentage)	30,8 %	20,4 %	29,2 %	32,7 %

Source: Information of the Tax Committee under the Cabinet of Ministers of the Republic of Uzbekistan

It can be seen from the data of the above table that in the Republic of Uzbekistan in 2024, the total tax revenues to the budget are planned to be 200,703.1 billion soums, of which 111,654.5 billion soums (41.2%) are projected to be indirect taxes. It is predicted that the share of value added tax in the total revenue will be 74,045.7 billion soums (27.3%), and the share of excise tax will be 22,769.2 billion soums (8.4%). Also, it is forecasted that the share of value added tax will be 66.2%, and the share of excise tax will be 20.4% in the total revenues of indirect taxes.

In conclusion, we can say that direct and indirect tax revenues are an important fiscal basis of budget revenues.

Conclusion

When studying the relevant legal documents, it was revealed that starting from 2024, from the day when the income of self-employed persons as a result of labor activity or from the sale of goods (services) exceeds 100 million soums during the tax period, for the purpose of the Tax Code, the practice of taxation has been introduced in the prescribed manner for individual entrepreneurs. It was concluded that this procedure was introduced in order to create equal conditions in taxation for individual entrepreneurs and self-employed persons.

Also, during the studies, it was found out that the property tax base for non-residential immovable properties collected from individuals must not be lower than the absolute value set for 1 square meter, as for legal entities. As a result of the introduction of this procedure, in the taxation of non-residential real estate objects, equal conditions will be created regardless of whether they belong to individuals or legal entities, and the tax levied on the property of legal entities will be reduced to 1 square meter. it was concluded that the introduction of payment based on the minimum value of real estate led to positive results, such as the prevention of cases of re-registration of real estate to individuals in order to pay less tax by legal entities.

It became known that the indexation of the rates of resource taxes, in turn, was established in order to increase the revenue base of local budgets and to maintain the share of these taxes in the total revenues of the budget.

Above, in the next meeting of the President of the Republic of Uzbekistan Shavkat Mirziyoev with the entrepreneurs of Uzbekistan on August 20 of this year, important new initiatives were announced to create additional conditions for entrepreneurship, including providing business with infrastructure, land and energy, and creating an environment of equal competition in the domestic market, we have mentioned that initiatives have been put forward in a number of directions, such as expanding opportunities to enter foreign markets and giving new impetus to the service sector. In our opinion, it is expedient to develop and adopt drafts of relevant legislation as part of the measures to implement the tasks defined in the fourth open dialogue of the President of the Republic of Uzbekistan with entrepreneurs. In particular, in order to improve the taxation of land plots with auxiliary buildings and structures used in agriculture, it is appropriate to apply a differentiated taxation procedure based on the classification of permitted uses of land plots and capital construction objects in relation to land plots with auxiliary buildings and structures used in agriculture.

Also, as a result of studies and analyzes conducted in the research process, it was concluded that it is desirable to take into account direct and indirect taxes and further improve some aspects of the tax administration system.

In particular, when studying the Tax Code of the Republic of Uzbekistan, it was concluded that it is appropriate to introduce changes and additions aimed at improving some provisions related to the regulation of tax benefits and other tax administration provided for value added tax and excise tax. In addition, it is important to further improve the current procedure for compensating the amount of value added tax, as it will have a more positive effect on the business environment of Uzbekistan. We would like to say that it has been concluded that it is appropriate to make necessary changes and additions to the current legal norms aimed at improving certain benefits provided for direct and indirect taxes in the Tax Code and some provisions related to the regulation of other tax administrations.

Above, the approaches to the concept of tax administration defined in the laws, as well as the approaches of scientists of some foreign countries and Uzbekistan were discussed in detail. At the end of our studies, we have come to the final conclusions and thought it appropriate to mention our opinions. In our opinion, "Tax administration - compliance with the laws adopted in the field of taxes and levies system by the subjects of tax relations, including the implementation of control over the fulfillment of the obligations of the subjects of tax relations, determining responsibility for violations identified at the end of the control, and in general relations aimed at regulating tax legislation We believe that it is appropriate to give the definition of authorship as "system".

In our opinion, further improvement of tax administration on direct and indirect taxes is important as it serves the interests of business entities and society alike.

References

1. The Tax Code adopted by the Law of the Republic of Uzbekistan dated December 30, 2019 No. O'RQ-599, (national database of legal documents - https://lex.uz/docs/4674902).
2. Law of the Republic of Uzbekistan No. ORQ-891 of December 28, 2023 "On Amendments and Additions to Certain Legislative Documents of the Republic of Uzbekistan in Connection with the Adoption of the Main Directions of Tax and Budget Policy for 2024" (National Database of Legal Documents - https:/ /lex.uz/docs/6718864);
3. Law of the Republic of Uzbekistan dated December 25, 2023 "On the State Budget of the Republic of Uzbekistan for 2024" No. O'RQ-886 (national database of legal documents - https://lex.uz/docs/6707765).
4. Resolution No. 489 of the Cabinet of Ministers of the Republic of Uzbekistan dated August 14, 2020 "On measures to improve the tax administration related to value added tax and foreign legal entities" (national database of legal documents - https://lex.uz/docs /4948595);
5. Decree No. PF-132 of the President of the Republic of Uzbekistan dated August 30, 2024 "On measures to implement the tasks set in the fourth open dialogue of the President of the Republic of Uzbekistan with entrepreneurs" (national database of legal documents - https://lex.uz/docs /7089547).
6. Пансков В.Г. (2016) Налоги и налогообложение. Учебник и практикум. 5-е изд, перераб. и доп. –М.: “Издетельство Юрайт”, 206 с. / Panskov V.G. (2016) Tax and Taxation. Textbook and workshop. 5th ed., Rev. and add. –M.: “Yurayt Publishing House”, 206 p.
7. Александров, И.М. (2017) Налоги и налогообложение / И. М. Александров. -М.: Дашков и К, 317 с. / Alexandrov, I.M. (2017) Taxes and taxation / I. M. Aleksandrov. -M.: Dashkov and K, 317 p.
8. Щербаков А.П., Ткач Е.С. (2020) К вопросу о сущности налогового администрирования и возможности его совершенствования на основе зарубежного опыта. Журнал “Учет и контроль” №2. / Shcherbakova A.P., Tkach E.S. (2020) On the issue of the essence of tax administration and the possibility of its improvement based on foreign experience. Journal "Accounting and Control" No. 2.

9. Ўрмонов Ж.Ж. (2018) Тадбиркорлик субъектлари фаолиятини солиқ механизми воситасида тартибга солишни такомиллаштириш масалалари. Иқтисодиёт фанлари доктори (DSc) илмий даражасини олиш учун ёзилган диссертацияси. 27-38 б. / Urmonov J.J. (2018) Issues of improving the regulation of business entities through the tax mechanism. Dissertation for the degree of Doctor of Economics (DSc). 27-38 p.
10. Эргашев И.А. Солиқ маъмуриятчилигининг натижаси сифатида солиқ мажбуриятининг ҳуқуқий табиати. Тошкент давлат юридик университети, юридик фанлар ахборотномаси, Илмий-амалий ҳуқуқий журнал, 2020 йил 1-сон, 139-145-б. / Ergashev I.A. Legal nature of tax liability as a result of tax administration. Tashkent State University of Law, Bulletin of Legal Sciences, Scientific and Practical Legal Journal, Issue 1, 2020, pp. 139-145.