



Reasonable Organization of Direct and Indirect Taxation Ways to Develop the Economy of Uzbekistan

Kadyrov Bahodir Qudratovich

Termez State University Senior Lecturer of the Department of Finance Candidate of Economic
Sciences

ABSTRACT

The article analyzes the legal basis for improving the tax legislation of Uzbekistan, the role of direct and indirect taxes in the restoration and development of the economy in the context of the global crisis, explores ways to overcome the complications of a pandemic, determines the role and objectives of taxes. The importance of tax incentives and holidays in the development of entrepreneurship during the crisis is studied. Scientific conclusions and recommendations for research and analysis are given.

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1. Introduction

Prospects for the growth of the new Uzbek economy also depend on the system of direct and indirect taxation in terms of business incentives. At the current stage of reforms in the country, the formation of a free and transparent market economy has been identified as a priority, and the importance of tax instruments, including direct and indirect taxation, is important in ensuring the economic development of the country.

An analysis of the reforms implemented to improve the tax system in 2016-2021 and the norms of the adopted tax legislation shows that the tax legislation is improving in line with the ongoing economic reforms in Uzbekistan, the tax system is adapting to international standards and these reforms continue

unabated.

At the end of 2016, a new wave of economic reforms began in our country, which carried out comprehensive reforms to create an investment climate for businesses and the population. First of all, the tasks of bringing the current tax legislation in line with international standards were identified, and the Law of the Republic of Uzbekistan No. ZRU-599 of December 30, 2019 adopted a completely new version of the Tax Code. At a time when such reforms were underway, the coronavirus infection that emerged in the People's Republic of China quickly spread around the world and reduced the economies of all countries to quarantine. As a result, companies and enterprises in all countries ceased their activities for a certain period of time, interconnected economic ties between the countries were disrupted, and the global economic crisis occurred [3].

In order to prevent catastrophic threats to human health in the event of a pandemic, quarantine has been declared in Uzbekistan since March 15, 2020. Due to the quarantine requirements, the enterprises and organizations that form the basis of the country's economy ceased their activities for a certain period of time, and workers were given temporary leave, which led to a decline in the country's macroeconomic indicators. Uzbekistan has also experienced an economic crisis due to a break in production and the cessation of value added, reduced tax revenues, but continued spending of budget funds. In this context, reducing the damage to the economy, easing socio-economic relations between the state and the population and businesses, the use of tax incentives to reduce the quarantine period, the creation of economic conditions for the gradual sustainable operation of businesses has become a top priority. Therefore, it is necessary to conduct research and develop scientific conclusions and proposals to eliminate the damage to the economy of Uzbekistan, which has been going on for almost a year and a half, and to identify ways to gradually bring the economy out of crisis and achieve sustainable development. To this end, this article analyzes the ways to stimulate the economy of Uzbekistan in the current global crisis on the basis of direct and indirect taxes and their legal framework, studies the tax procedures for economic development and recovery of business entities, develops scientific conclusions and recommendations.

2. Analysis and discussion of results.

As the reforms aimed at boosting the country's economy truly strengthen political independence, economic reforms will always be given priority. Therefore, at the end of 2016, a new era of gradual implementation of reforms began in Uzbekistan, with the development of medium and long-term strategic target programs and priorities for economic development.

The strategic goals of Uzbekistan for 2017-2021 include "strengthening macroeconomic stability and maintaining high economic growth, increasing the competitiveness of the national economy, modernization and accelerated development of agriculture, continuing institutional and structural reforms to reduce state participation in the economy, aimed at further development and liberalization of the economy; "Actively attract foreign investment in the sectors and regions of the economy through the protection of private property rights and further strengthening its priority position, stimulating the development of small business and private entrepreneurship, comprehensive and balanced socio-economic development of regions, districts and cities, improving the investment climate." functions are

defined¹. In order to ensure the implementation of these priorities, first of all, it is necessary to reduce the tax burden, simplify the taxation system, unify taxes, optimize the organization of direct and indirect taxation, reduce tax reporting, simplify tax legislation, tax relations².

As a result, due to tax breaks, there is an opportunity to implement investment ideas, expand activities and create new jobs. leads to efficiencies. Therefore, while the taxing government is always willing to increase the amount of taxes to accumulate the necessary financial resources to the budget, it is forced to apply tax preferences and benefits to the most important priority sectors and industries in order to fulfill this desire. Of course, in this case, it is expedient to create an optimal system of direct and indirect taxes that represent the interests of both taxpayers and the tax-collecting state. It is for this purpose that research is the most pressing tax issue today. Therefore, it is more important than ever to form such an optimally efficient system of taxation at a time when the current global crisis is caused by the pandemic, when industrial enterprises go on vacation and the flow of funds to the budget decreases. To this end, the reform of the formation of optimal tax legislation, consisting of both direct and indirect taxes that stimulate entrepreneurship and collect the necessary funds for the budget, began in 2017 under the leadership of President Sh.M.Mirziyoev. was handed over.

In this regard, the improvement of the tax system and the norms of tax legislation of developed countries

It should be noted that as a result of the reforms carried out in the field of adaptation, a new version of the Tax Code was adopted and came into force on January 1, 2020. Compared to the current Tax Code, the types of taxes have been reduced (from 13 to 9 types), tax calculation and collection procedures have been unified, tax benefits have been streamlined, tax rates have been clearly defined in the code, and tax control procedures have been adapted to developed countries³.

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¹ 1 Decree of the President of the Republic of Uzbekistan No. PF-4947 of February 7, 2017 "On the strategy of further development of the Republic of Uzbekistan", Collection of Legislation of the Republic of Uzbekistan, 2017, No. 6.

² 2 Decree of the President of the Republic of Uzbekistan dated June 29, 2018 No PF-5486 "On the concept of improving the tax policy of the Republic of Uzbekistan."

³ Tarjimon ENG-UZB, [02.08.21 23:19]

3Law of the Republic of Uzbekistan ZRU-599 of December 30, 2019 "On amendments and additions to the Tax Code of the Republic of

E-mail address: info@researchparks.org

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GDP and budget revenues of the Republic of Uzbekistan
dynamics of key indicators⁴ (billion soums)

Name of indicators	2016 year	2017 year	2018 year	2019 year	2020 year	2021 year *	Growth in 2020 compared to 2016 (in percent)
Gross domestic product	242496	302537	406649	511838	653546	688936	269.5%
budget revenue	41044	49685	79099	112165	128460	147202.3	312.9%
Hence the tax revenues	36290	45955	71128	97894	119653	128798.7	329.7%
Indirect taxes	21131	26134	41280	46429	58244	62526.7	275.6%
Direct taxes	15159	19821	29848	51465	61409	66272	405.1%

The data in Table 1 show that GDP is expected to grow in 2016-2020 and economic growth in 2021. These statistics show that the reforms carried out in Uzbekistan during this period have yielded positive results, and in 2020 the gross domestic product increased by 269.5% compared to 2016. Also, during this period, the growth of state budget revenues reached 312.9%, the growth rate of tax revenues in the budget reached 329.7%. During this period, goods (works, services) purchased in the amount of tax revenues loaded on the sales value, it can be seen that the share of direct taxes affecting taxpayers' income has increased more (405.1%) than indirect taxes levied on consumers (275.67%).

Based on these analyzes, it can be said that the taxation system plays an important stimulating and regulatory role in the implementation of the priorities that determine the macroeconomic stability and development of the country. Over the past 5 years in Uzbekistan, tax legislation has been completely revised, tax types have been streamlined, simplified, business incentives have been applied, and procedures for compiling and submitting online reports have been introduced. This situation has led to macroeconomic stability, an increase in taxable revenues and, in turn, an increase in tax revenues to the budget. In general, it should be noted that as a result of the effectiveness of the reforms, the growth rates of macroeconomic indicators in Uzbekistan in 2016-2020. Also, due to the steady growth of the Uzbek economy in recent years, macroeconomic growth is projected in 2021.

According to Figure 1 of the article, in recent years in our country due to the growth of real incomes of the population there is an increase in deposits in commercial banks and the total capital of commercial banks⁴.

Uzbekistan".

⁴ Prepared by the author on the basis of data from the official websites of the Ministry of Finance of the Republic of Uzbekistan (obdadminka.openbudget.uz), the collection of the State Statistics Committee "Uzbekistan in numbers 2017-2018."

⁵ Forecast indicators from the collection of the Ministry of Finance of the Republic of Uzbekistan "Draft budget for 2020".

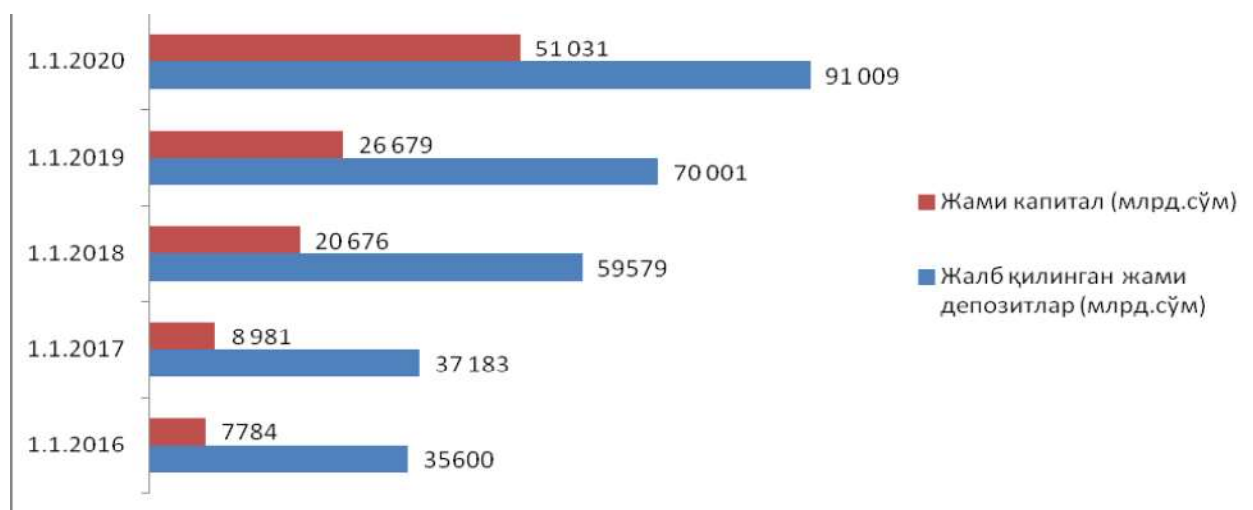
⁴ ⁶ М.Туранов. Пандемия шароитида тижорат банклари фойдасини шакллантириш масалалари. "Молия ва банк иши" журнали (Электрон илмий журнал), 2/2020-сон, 65-70 бетлар. WWW.JOURNAL.bfa.uz.

E-mail address: info@researchparks.org

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Figure 1. Total capital of commercial banks and involved information on the dynamics of deposits



The above analytical data prove that in 2016-2020, Uzbekistan has achieved comprehensive macroeconomic growth as a result of reforms in the country based on strategic programs and priorities.

However, in late 2019 and early 2020, at a time when the investment process in Uzbekistan is developing rapidly and reforms are underway to encourage businesses, the emergence and rapid spread of coronavirus infection in the People's Republic of China, including in Uzbekistan, is a state of emergency. as in all countries, the economy went on indefinitely and went into a pre-crisis state. Under such circumstances, there is no doubt that economic indicators will decline.

According to the International Monetary Fund's forecast for the world economy, published on April 14, 2020, Uzbekistan's GDP growth in 2020 will be 1.8%. Inflation is also projected at 12.6 percent in 2020, 10.6 percent in 2021, and the current account balance will fall to -9.4 percent⁵.

In the context of the pandemic, comprehensive measures have been identified by the Government to reduce the damage to the economy, soften socio-economic relations between the state and the population and businesses, reduce the quarantine period as much as possible, restore business stability as soon as possible.

Due to the pandemic, the global economy is experiencing various complex socio-economic processes, e-financial frauds and global crises. It is desirable to set priorities and align reforms with these priorities.

In this regard, it should be noted that in the global economic crisis caused by the catastrophic consequences of the global coronavirus pandemic in 2020, the President of the Republic of Uzbekistan promptly adopted relevant decrees and resolutions. We believe that it will save businesses from losses and allow them to quickly recover financially and run a healthy business.

The following decrees and resolutions of the President of the country serve as the legal basis for overcoming the current complications of the coronavirus pandemic and the global crisis:

⁵<https://kun.uz/news/2020/04/15/xvj-jahon-iqtisodiyoti-katta-yoqotishga-uchrashini-malum-qildi-va-ozbekiston-boyicha-yangi-prognozini-ochiqcladi>

1. Decree of the President of the Republic of Uzbekistan No. PF-5969 of 19.03.2020 "On priority measures to mitigate the negative impact of the coronavirus pandemic and the global crisis on sectors of the economy";
2. Resolution of the President of the Republic of Uzbekistan dated 19.03.2020
Decree PF-5978 "On additional measures to support the population, sectors of the economy and businesses during the coronavirus pandemic";
3. Decree of the President of the Republic of Uzbekistan PF-5986 dated 27.04.2020 "On additional measures to support the population and businesses during the coronavirus pandemic";
4. Resolution of the President of the Republic of Uzbekistan No. PP-4700 of 01.05.2020 "On additional measures to ensure food security, rational use of available resources, state support of agriculture during the coronavirus pandemic."

According to these decrees and decisions, tax benefits and vacations to mitigate and eliminate the negative effects of the coronavirus pandemic and the economic crisis will provide businesses with opportunities for financial recovery.

Tax benefits and preferences provided by law, the expected effective results of their implementation are reflected in the following:⁶:

- to save 232.9 billion soums⁹ and increase working capital in connection with the reduction of the minimum basic amount of social tax by 50% for individual entrepreneurs;
- Temporary use of 1011.0 billion soums for their own needs and financial recovery due to the submission of the declaration of total annual income for 2019, the extension of payment of property and land taxes for individuals;
- Due to the tax exemption of income of citizens in the form of material benefits from charitable organizations, an average of 28.4 billion soums. to save soums;
- Due to the reduction of fees for the right of retail sale of alcoholic beverages for public catering establishments by 25% from the established amounts, more than 7,000 entities have access to 17.1 billion soums. improvement of their financial capacity as a result of the remaining soums;
- Due to the reduction of tax rates for the use of water resources on the volume used for irrigation of agricultural lands by 50% from the established rates, 83 thousand farms received 150 billion rubles from the water tax. to save soums and increase profits by the same amount;
- 14828 business entities have the opportunity to defer payment of property tax, land tax and water use tax for 6 months without interest ensuring the stability of the financial activities of these entities at the expense of maturity;
- to suspend the imposition of financial penalties on business entities for overdue receivables on foreign trade operations and to allow the import of the necessary technological equipment and

⁶ Ўзбекистон Республикаси Президентининг 19.03.2020 йилдаги “Коронавирус пандемияси ва глобал инқироз ҳолатларининг иқтисодий тармоқларига салбий таъсирини юмшатиш бўйича биринчи навбатдаги чора тадбирлар тўғрисида”ги ПФ-5969-сонли Фармони.

goods at the expense of existing debts, to re-equip production with modern technological equipment and stimulate export-import operations;

- the suspension of the calculation of property tax, land tax and tax penalties for the use of water resources and the temporary suspension of compulsory collection of tax arrears to organize sustainable production of entities with reduced solvency in the event of a pandemic;
- the establishment of zero rates of customs duties and excise taxes on imports of essential foodstuffs to strengthen the financial activities of enterprises engaged in the import of these goods and not to exceed the selling prices of food products;
- Exemption of tour operators, travel agents and entities providing hotel services in the field of tourism from land tax and property tax for legal entities, reduction of the social tax rate by 1%;
- The gradual improvement of the morale of these enterprises, the turnover of which does not exceed 1 billion soums per month and the deadline for submission and quarterly payment of value-added tax returns to enterprises of the voluntary VAT system;
- the cessation of the calculation of a fixed amount of personal income tax and social tax for individual entrepreneurs who are forced to suspend their activities during the quarantine period, so that these entrepreneurs can resume their activities and operate stably after the end of the quarantine period;
- delayed indebtedness of legal entities in the amount of 7.9 trillion soums, deferred loans of individuals in the amount of 47. trillion soums for the rapid financial recovery of these enterprises and ensuring economic stability of the country.

The above-mentioned effective economic protections, tax incentives and incentives, as well as incentives are very important for the restoration of sustainable activities. Director of the Center for Economic Development Yu. According to Yusupov, during the coronavirus pandemic, it is advisable for some industries to provide assistance through tax holidays for a certain period, through the abolition of certain taxes⁷.

Based on these views, it can be said that the practice of extensive use of these effective methods is emerging, as the role of tax preferences, which play the role of incentives in ensuring macroeconomic stability and development of the country, is important.

Due to the timely and prompt decrees and resolutions adopted by the President of Uzbekistan to mitigate and reduce the impact of the global crisis caused by the coronavirus pandemic in Uzbekistan, the quarantine measure has been gradually lifted two months later.

Now, as a result of effective measures, our economic life has gradually returned to its stable rhythm, and businesses in such sectors as construction, manufacturing, trade and services, which are the main sectors of the country's economy, have started operating.

However, given the recent changes in the global economy and the slowdown in commodity-money transactions between countries, given that the pandemic is likely to continue for a long time on a global scale, Uzbekistan needs to continue reforms to address the effects of the pandemic and gradually boost

⁷ <https://kun.uz/news/2020/04/13/for-services-for-services-for-disciplines-for-some-search-works>

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Accordingly, in addition to the measures taken for the smooth running and sustainable development of the country's economy, the implementation of the following investment projects and the application of tax benefits to them is the biggest problem in Uzbekistan.

will lead to the elimination of existing unemployment and macroeconomic development:

Centralized targeted interest-free or low-interest loans in national and foreign currencies should be allocated for projects to build at least one new large joint-stock companies in each district, based on the production of industrial products and equipped with the latest technologies. At the same time, the new jobs created by the built joint-stock company are for citizens who have bought shares.

exemption from income tax on salaries for the purchase of shares and exemption of the company from property and property taxes during the term of the loan agreement, reduction of the income tax rate by 50%. The project would, firstly, eliminate unemployment at the expense of new jobs, secondly, provide an opportunity to quickly repay the loan, thirdly, increase future taxable income and ensure macroeconomic development;

Targeted loans at a rate not exceeding the refinancing rate of the Central Bank for the construction of new production facilities under localization programs, the production of export-oriented and import-substituting products should be allocated and exempt from taxes until the end of the loan agreement;

Ensuring the full privatization of businesses that retain a state share and operating on the basis of market laws, the allocation of targeted loans to these enterprises at a rate below the refinancing rate of the Central Bank, subject to the modernization of technological equipment;

Allocation of low-interest targeted bank loans in national and foreign currencies and exemption from all taxes for the term of the loan agreement, without the need for collateral and guarantees for investment projects of small and medium-sized enterprises for the production of import and export-oriented goods for at least 5 years ;

Allocation of low-interest loans to legal entities and individuals for the implementation of innovative ideas and the creation of new jobs in order to create new jobs, reduce unemployment and reduce poverty, attract the unemployed to entrepreneurship, encourage small and medium-sized businesses; comprehensive support by social and financial means for their sustainable operation;

Development and implementation of credit and tax incentives for the development of the land sector based on historical traditions and the support of all-round support in order to fully meet the needs of the population in food and encourage additional income;

In order to increase the efficiency of budget revenues and the full formation of a market economy, the gradual transfer of state-funded non-profit enterprises to the economic account, the revision of the staffing of budgetary organizations and the abolition of some inefficient administrative units shorten

When defining the priorities of economic development of Uzbekistan and considering the legal framework for macroeconomic stability, the support of entrepreneurship through credit and taxes in the above areas would eliminate the negative effects of the global crisis in Uzbekistan and ensure economic growth.

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