

Regarding Systematic Reforms of Property Tax From Individual Persons

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Abstract: In the article, at the current stage of the liberalization and modernization of the economy in the Republic of Uzbekistan, the description of the systematic reforms of the property tax levied on individuals based on the current tax legislation, the necessity and importance of their improvement, the characteristics and problems of the present time, the state's property and capital of individuals and their protection, viewed from the point of view of its operational measures to ensure guarantees of interest in property and capital growth.

Keywords: property and capital, value of property and capital of individuals, residual value of property, cadastral value of property, property tax from individuals, elements of property tax from individuals, property tax from individuals systemic reforms in property tax practices.

INTRODUCTION

In the world, property tax is considered as the main element of the general tax system. To date, there is information on property taxes in more than 130 countries of the world. In the practice of most countries, revenues from property taxes are directed to local budgets. The weight of such revenues in local budgets is different in each country, including the share of income from real estate tax was 2.17 percent in France, 1.85 percent in Denmark, 1.8 percent in the Netherlands and Italy, 1.06 percent in Germany, 0.89 percent in Sweden. At the same time, in some developed countries, this tax has a significant share not only in local budgets, but also in general state budgets. In particular, taxes on real estate in Great Britain make up about 10% of total budget revenues. This figure is 9 percent in the US and 8 percent in Canada. These figures indicate that special attention is being paid to the calculation and collection of property tax in global practice.

In the practice of Jakhan, the issues of calculating the taxes imposed on the property of individuals are also widely studied as an object of research. However, the features of property tax calculation and the analysis of the impact on the activities of enterprises, the rational use of property tax in increasing local budget revenues, and the improvement of the property tax calculation mechanism have not been sufficiently disclosed in the researches, which makes it necessary to carry out research in this regard.

The essence of the tax reforms implemented in Uzbekistan is to stimulate the effective and rational use of natural resources through taxes, to distribute the tax burden fairly among taxpayers, to transfer all categories of taxpayers to pay resource taxes, and in this regard, "in every district and city, practical measures to expand the taxation base development of measures" [1], focused on scientifically based taxation of property and capital owned and used. Currently, the issue of tax factors for the effective use of

property and land resources of individuals is defined as an important direction in the Roadmap[2] for the implementation of the Development Strategy of New Uzbekistan for 2022-2026 in 2022.

In general, increasing interest in the effective management of land resources in the taxation of natural resources on a scientific basis, increasing the weight of this tax in stabilizing the income of local budgets are problematic issues among our economists-scientists and experts in the field, and the research of these problems determines the relevance of the topic of this article.

Literature review

In the Tax Code and other legal documents, the elements of "property tax levied on natural persons" are given in general, but the problems of these elements and the procedure for their improvement are not defined based on the new requirements of the modernization of the tax system. At the same time, we can see that there is no single approach in expressing the content of the property tax levied on individuals in the economic literature.

In general, in the economic literature on the practice of taxation and in the scientific reports of the authors, different concepts are interpreted as the content of the property tax levied on individuals (Table 1).

Table 1. Concepts interpreted in economic literature as the content of property tax levied on individuals¹

#	Interpretable concepts	Authors
1.	Personal property tax is a local tax that all residents and non-residents who own listed property pay by law[3].	Zyryapova T.V., Ovchinnikova S.V.
2.	He studied the changing trends of the property tax rate charged to individuals, proposed criteria for determining it at the optimal level, and systematized the criteria[4]	Klovov E.A.
3	It is justified that the role of the property tax collected from individuals in determining the prospects of the implementation of local budgets is increasing[5].	Migashkina E.S.
4	They gave recommendations on improving the practice of considering the current problems of the property tax collected from individuals from the cadastral value of the property and the practice of considering them [6].	Zabbarova O. A., Yaroslavskaya O. K.
5	Property tax collected from individuals is an important source of income for local budgets and a type of resource tax[7].	Musalimov Sh.I.
6	Relying on international tax practice, taxation by assessing real estate objects in amounts not less than the market value regulates the efficient use of assets while increasing tax revenues to the budget. At the same time, tax administration will be simplified with the gradual introduction of real estate tax through the unification of property and land taxes [8].	Boymurodov S.R.

¹ Compiled by the author based on the study of literature.

Analysis and results

A systematic representation of the elements of the property tax levied on individuals is shown in Figure 1

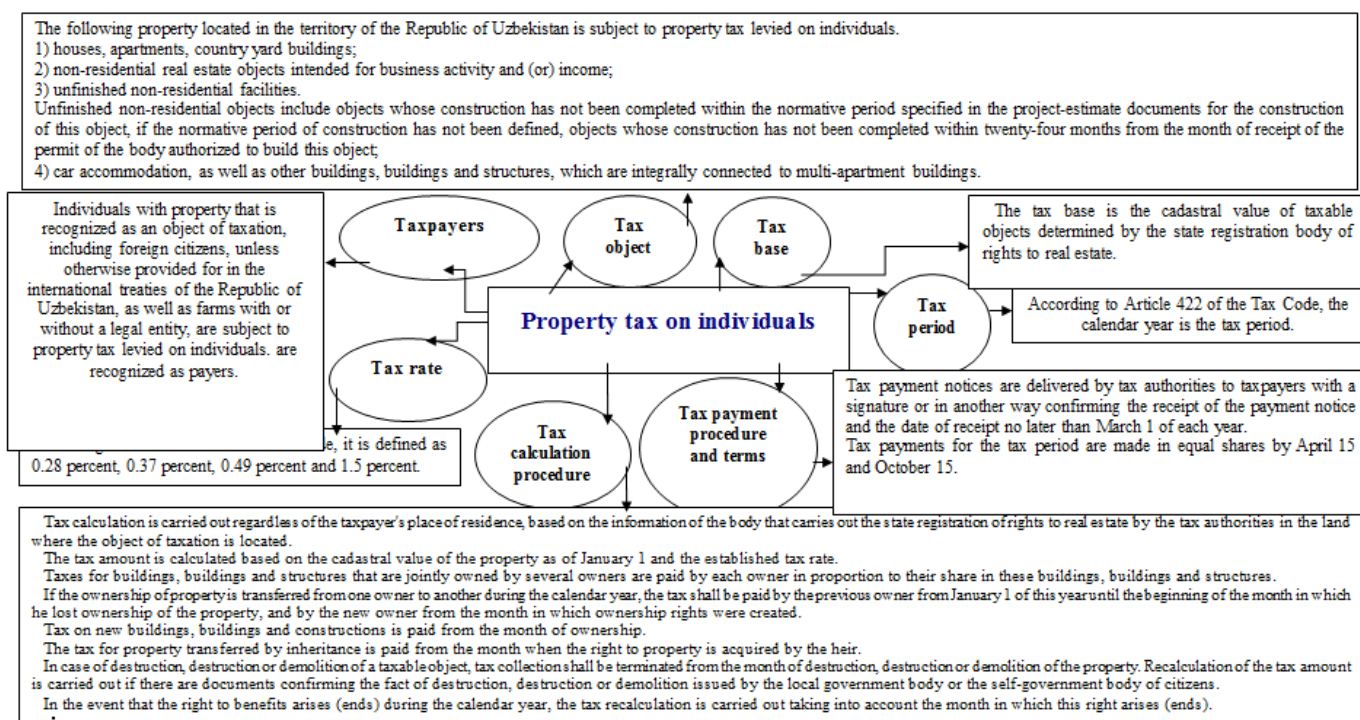


Figure 1. The main elements of property tax of natural persons according to the tax legislation of the Republic of Uzbekistan.

As can be seen from Figure 1, the elements of property tax levied on individuals are reflected in Chapter 60, Articles 418-423 of the current Tax Code.

The analysis of the fiscal importance of the revenues from this tax shows that, despite the increase in their value in the following years, their share tends to decrease (Table 2).

Table 2. Analysis of the fiscal significance of the tax collected from the property of individuals in the Republic of Uzbekistan in 2017-2022²

#	Indicators	Years						Change in 2022 compared to 2017 (times)
		2017	2018	2019	2020	2021	2022	
1.	State budget revenues (without targeted funds), billion soums	44500,0	62229,5	11230,0	1329,00	164680,3	2000,00	4,5
2.	Revenues from property	2129,	2158,9	1851,	1974,	2457,3	3173,	1,6

² It was compiled based on the information of the Tax Committee under the Ministry of Economy and Finance of the Republic of Uzbekistan.

	tax, billion soums	7		1	3		8	
3.	Revenues from property tax, in %	3,2	3,5	1,8	1,5	1,5	1,6	0,5
4.	Receipts from property tax of natural persons, billion soums	687,6	708,3	806,7	733,4	881,2	1069,8	1,6
5.	Revenues from property tax of individuals, in %	27	27,2	28,9	28,2	35,9	33,7	1,2

According to the data of Table 2, in 2017-2022, while the amount of income from property tax increased by 1.6 times (3173.8 billion soums: 2129.7 billion soums), their share decreased by 2 times (1.6%: 3.2%). In this period, the amount of income from the property tax of individuals increased by 1.6 times (1069.8 billion soums: 687.6 billion soums), and their share in the income from property tax increased by 1.2 times (33.7 %: increased by 27.0 %).

Before 2017, the inventory value of the property, and from 2018 onwards, the cadastral value is used as a basis for calculating the tax levied on the property of individuals.

In 2017-2023, a stratified progressive rate is used to calculate property tax from individuals (Table 3).

Table 3. Changes in property tax rates from individuals in 2017-2023 (in percentages)³

Object of taxation	2017	2018	2019	2020	2021	2022	2023
Residences, apartments (except for those with a total area of more than 200 sq. m), country yards and garden sheds, garages and other buildings	1,7	0,2	0,2	0,23	0,25	0,25	0,28
In relation to the total area of residences and apartments located in cities:							
200 sq. m to more than 500 sq.m	2,1	0,25	0,25	0,3	0,33	0,33	0,37
500 sq. m. more than	2,9	0,35	0,35	0,4	0,44	0,44	0,49
In other settlements, 200 sq.m. residences and apartments with a total area of more than	2,1	0,25	0,25	0,3	0,33	0,33	0,37

According to the data of Table 3, the property tax rates of individuals have increased during 2017-2022, one of the main reasons for this is to direct the surplus funds of the population to investment in production and entrepreneurship, as well as to prevent the construction of luxurious houses in urban areas. is directed.

During 2017-2022, the relatively rapid growth of property tax collected by individuals on the area of more than 200 square meters and up to 500 square meters, as well as on objects of more than 500 square meters,

³ It was compiled by the author based on the tax legislation of the relevant years.

requires additional measures to encourage the wider use of properties by individuals for commercial purposes.

Conclusion

1. The socio-economic significance of the tax collected from the property of individuals is derived from the content of the tax. By taxing property, firstly, society's wealth, regardless of who owns it, is regulated through the mechanism of taxation, and secondly, a certain part of the wealth is redistributed to the state budget - in order to finance its expenses, in accordance with the law. The state is interested in the increase of property of individuals. Individuals are interested in the inviolability of their property, in exchange for which they pay taxes on their property to the state in the established procedures and rates.

2. According to the general procedure of property taxation, property is taxed into two groups: immovable and movable property. Real estate includes land plots, buildings, constructions and other permanent structures standing on it. Based on this approach, movable property can be divided into land-related and non-land-related assets. Multiple ownership of immovable properties creates certain conditions in the current environment, because the object of property tax is mainly focused on immovable properties. This classification of the property tax object limits the possibilities of using the effective influence of taxes on the development of production, because in most cases real estate objects can be directly used or not used in production. From this point of view, in developed countries, property is taxed by dividing it into fixed assets that participate in commercial activities and those that do not participate in commercial activities.

3. As a result of the increase in the number of non-residential objects of individuals for business purposes, the property tax is also increasing. This is certainly a positive indicator, and it can be considered as a result of the positive effect of the introduction of differentiated rates of property tax based on the area of residential properties of individuals in recent years to encourage wider use of property in entrepreneurial activities.

4. Systemic reforms of the property tax levied on individuals are proceeding with corresponding changes in all elements of this tax:

- according to the new regulation, the tax payer is charged with the responsibility of informing the tax authorities of the purchase of a taxable object;
- a sharp increase in the number of taxation objects is observed;
- sharp increase in the tax base and the tax amount due to the transition from the previous inventory value of the property to the cadastral value close to its market value;
- from 2023, the implementation of measures to increase the fiscal importance of the progressive rate through the increase of tax rates;
- all taxpayers who are owners of taxable objects are expected in the near future by a slow but steady increase in the real estate tax burden, which may force some citizens to move to the suburbs of a lower property taxation object, and on the other hand, this strategy will reduce the local budget fiscal base aimed at strengthening.

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