

Comparative analysis of the tax system of Uzbekistan and the countries of the Commonwealth of Independent States

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Abstract: In this article, it is theoretically investigated the tax burden, its optimal level, factors affecting it, various opinions of domestic and foreign scientists regarding the importance of taxes in the economy, the level of tax burden on the economy in recent years are considered on the example of Uzbekistan and foreign countries, and on this basis are formed scientific conclusions and proposals for optimizing the tax burden on the economy.

Keywords: tax burden, GDP, tax rates, consolidated budget, Laffer curve, depreciation reform, tax revenues.

Introduction

The tax system imposes a certain amount of financial burden on taxpayers, that is, economic entities. It is appropriate to define this burden as a tax burden, because this concept literally includes the indicator of the general impact of a particular taxpayer on the country's economy, as a share of his income paid to the state in the form of taxes and tax payments. is considered. In economics, the term tax burden is applied both to a specific taxpayer, to a separate entity of the state, to sectors of activity, and to the entire country's economy, that is, this economic category is considered at the micro level, meso level, and macro level. At the macroeconomic level or the level of the national economy, the tax burden is determined in relation to the entire country's economy, all its sectors and the entire population.

So what is the tax burden and when did this concept appear?

The tax burden is the total amount of taxes, fees and other mandatory payments paid by the taxpayer to the state budget. The concept of tax burden appeared at the same time as the concept of taxes. In particular, the tax burden was discussed by Adam Smith in the 18th century in his work "Inquiry into the nature and causes of the wealth of nations", in which the author noted an important

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economic relationship between the level of the tax burden and the amount of money coming into the state budget. showed the connection.

1. Literature review

In the last two decades, the issue of the tax burden at the micro and macro level has been widely covered in the economic literature. The problems of calculating the tax burden and methods of their elimination are our local scientists such as T.Tashmurodov, T.Malikov, Q.Yahyoev, A.Kadushin, N.Mikhaylova, Ye.A.Kirova, M.I.Litvin, S.V.Stepanova, A.S.Borodina, D.A.Kuznesova, It is expressed in the works and scientific works of Russian scientists such as T.K. Ostrovenko, S.V. Rezvushkin, and many Western scientists such as S. Fisher, R. Dornbush, R. Shmalenzi.

In his explanatory dictionary entitled "Taxes", our economist T. Tashmurodov defines the tax burden as follows: "Tax burden is the sum of all taxes and fees paid by a business entity or a citizen to the income is the ratio. The tax burden is characterized by how much the sum of taxes, fees and payments affects the financial situation of the economic operator" [Tashmurodov, 2013].

According to T. Malikov, the ratio of the amount of taxes in the country's gross domestic product to the amount of the gross domestic product is called the tax burden. It can be given a different definition: the tax burden is the ratio of government expenditures to the country's gross domestic product. However, the tax burden can be determined not only at the national level, but also for individual sectors, regions, enterprises or economic entities. For this, it is necessary to follow a special procedure for measuring the weight of the tax burden [Malikov, 2022].

According to the definition given by Q. Yahyoev, the tax burden is the sum of all taxes and fees paid to the budget by the taxpayer. The tax burden is levied on profit or total income. The weight of all paid taxes and fees in the gross domestic product at the country level represents the tax burden [Yahyoev, 2003].

The well-known economist A. Laffer showed the relationship between tax revenues and tax rates in his graphical representation called the Laffer curve, which suggests that there is an optimal level of taxation that allows the budget to maximize tax revenues. According to this theory, reducing the tax burden leads to an increase in the number of taxpayers. That is, in such a situation, even low-income people can pay taxes, the tax base will expand, and the number of economically active members of society will increase. Increasing rates, on the other hand, has unintended negative consequences. Because Ibn Khaldun, a famous Islamic scholar who lived in the 7th century, wrote: "At the beginning

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of the history of dynasties, taxes were low and the treasury was full. When the government is in crisis, taxes are high and the treasury is empty" [Zobova, 2012].

On the one hand, high tax rates may seem to increase revenues to the state budget, but in practice, it creates the opposite situation, that is, it reduces tax revenues to the budget. The reason is that as taxes increase, people's interest in working and investing decreases, and automatically they produce less and consume less, as a result of which tax revenues for the budget decrease. The opposite effect is a reduction in the tax burden, which leads to an increase in savings, investment, employment and production.

P. Yu. Buryak and S. L. Londar justified the fact that when the tax burden is reduced, at first, the tax revenues in the budget decrease for a short period of time, but soon their exponential growth occurs (Figure 1) [Buryak and Londar, 2002]. The main idea is that when the tax rate increases, there will be a short-term increase in tax revenues, and then a decrease in income in the long term due to a reduction in the tax base. The situation is the opposite when the tax rate is reduced.

This is clearly shown in Figure 1.

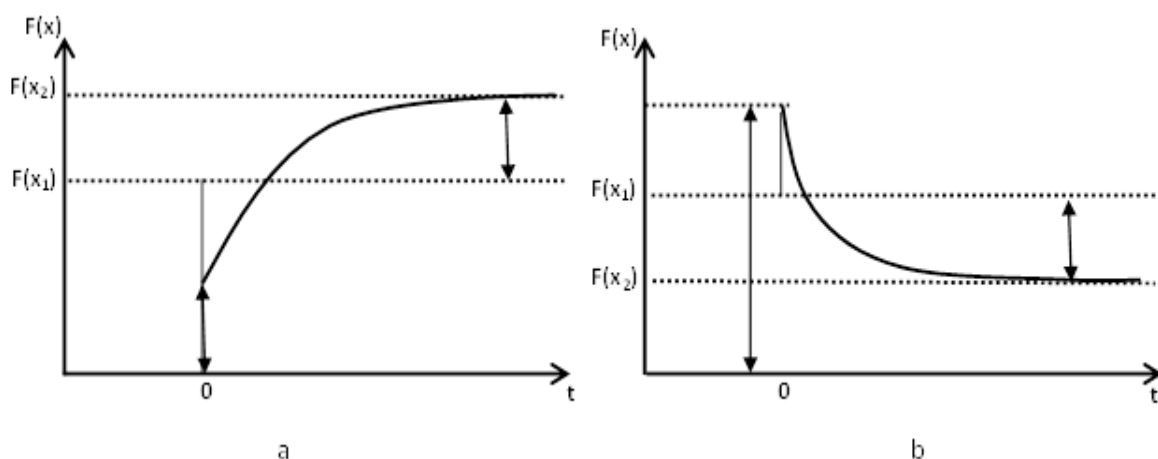


Figure 1. Laffer curve in "Tax revenues - time" coordinates; a - when the tax burden decreases; b - when the tax burden increases. Here $F(x)$ is tax revenue to the budget, t is time.

S.Fisher believes that the tax burden falls not only on taxpayers but also on consumers who buy this product, and due to this tax, the company's profit decreases and a part of the final consumer's income is paid for the purchased goods. [Fisher et al., 2001].

Each of the above-mentioned authors gave their own definition of the tax burden in their work and analyzed the existing methods of calculating it, revealed their positive and negative aspects, and expressed their opinions on their application. and made many suggestions. The recommended methods

differ in the composition of tax payments included in the calculation formula, the method of recognizing tax expenses (on the basis of the calculation method or the cash method), as well as the indicator against which taxes are compared.

2. Research methodology

The article used methods of economic research, systematic analysis, monographic analysis, comparison, and systematic literature analysis on "tax burden". At this point, it should be noted that "tax burden" is an economic concept, as a financial indicator, the concepts of "share of taxes in GDP", "tax burden on the economy", and "tax burden" have also been studied in various literature.

3. Analysis and results

In general, reducing the tax burden on the economy begins first of all with reducing the tax burden on taxpayers, that is, the basis of the macro-level tax burden is undoubtedly the sum of the micro-level tax burdens. Taking this into account, the issue of determining the tax burden of economic entities, that is, taxpayers who provide the main part of their taxable income in the budget, has always been relevant. No matter which economist raised the topic of the tax burden, the goal was undoubtedly to analyze the ways of reducing the tax burden on taxpayers without reducing the tax revenues of the state budget, and to propose the most optimal among them. For this purpose, they first of all tried to correctly determine the level of the tax burden and developed their own methods for calculating the tax burden.

Currently, there are many ways to calculate the tax burden for taxpayers, which differ from each other according to the following two aspects:

- first, the composition of taxes included in the calculation of the tax burden is different;
- secondly, in many methods, the ratio of the amount of taxes and fees paid is different.

Determining the tax burden in Decision No. 1 of the Cabinet of Ministers of the Republic of Uzbekistan dated December 7, 2022 "On tax risk management, identification of tax payers (tax agents) with tax risk and organization and conduct of tax audits" the order is as follows:

$$B = T \times 100\% / In$$

In this:

B — tax burden;

T — the amount of taxes to be paid during the tax period;

In — income from the sale of goods (services) during the tax period.

Although the tax burden indicator calculated in this way cannot show the impact of taxes on the financial situation because the composition of taxes is not taken into account in the gross income, it determines the share of paid taxes in the gross income.

The level of the tax burden in different economic entities may differ from each other as a result of a number of internal and external factors that depend on the entity and are independent of the entity. Calculating the average tax burden on all business entities is still a difficult task, despite the introduction of advanced technologies into our lives, so it is appropriate to take a macro indicator - the level of the tax burden on the economy - as a basis for reducing the tax burden on taxpayers.

In recent years, our country has observed a trend of growth in terms of consolidated budget revenues relative to GDP. However, the reason for this is not an increase in tax rates, but an increase in the number of taxpayers and the tax base. After all, in recent years, tax rates for several types of taxes have significantly decreased in our country, and because of this, the interest of taxpayers in entrepreneurship has increased, and the number of cases of leaving the shadow economy has increased. In this regard, the share of taxes in the gross domestic product also increased.

Table 1

Gross domestic product in the Republic of Uzbekistan for 2019-2023 and the share of the state budget revenues in relation to it¹

	2019 year		2020 year		2021 year		2022 year		2023 year	
	amount	To the gross domestic product in % relative	amount	To the gross domestic product in % relative	amount	To the gross domestic product in % relative	amount	To the gross domestic product in % relative	amount	To the gross domestic product in % relative
Gross domestic product	406648		529 391		602 551		734 588		839 989	
Consolidated budget revenues	107035	26,3%	137 057	25,9%	156 249	25,9%	196 405	26,7%	254 583	30,3%

¹ https://www.norma.uz/oz/raznoe/soliq_tizimi_muammolar_va_istiqbollari

Table 2 Gross domestic product and the share of state budget revenues in relation to it in the Republic of Belarus for 2019-2023 ² billion Belarusian rubles

	2019 year		2020 year		2021 year		2022 year		2023 year	
	amount	To the gross domestic product in % relative	amount	To the gross domestic product in % relative	amount	To the gross domestic product in % relative	amount	To the gross domestic product in % relative	amount	To the gross domestic product in % relative
Gross domestic product	121,6		134,7		147		173,2		186,7	
Consolidated budget revenues	31,4	25,8%	33,0	24,5 %	39,4	22,7%	39,4	22,7%	47,2	25,3%

If we look at the economy of other countries of the world, the level of tax burden in the countries of the Commonwealth of Independent States is not very different from ours, but in developed countries, especially in the West, we can see that this indicator is much higher than ours.

Table 3 Gross domestic product and share of state budget revenue in relation to it for 2019-2023 in Great Britain ³ billion dollars

	2019 year		2020 year		2021 year		2022 year		2023 year	
	amount	To the gross domestic product in % relative	amount	To the gross domestic product in % relative	amount	amount	To the gross domestic product in % relative	amount	To the gross domestic product in % relative	amount
Gross domestic product	2 900,79		2 878,67		2 756,90		3 186,86		3 380,0	
Consolidated budget revenues	838,4	34,6%	877,6	32,8%	840,5	32,8 %	918,4	34,7 %	1254	37,1 %

² Formed by the author based on the data of the World Bank

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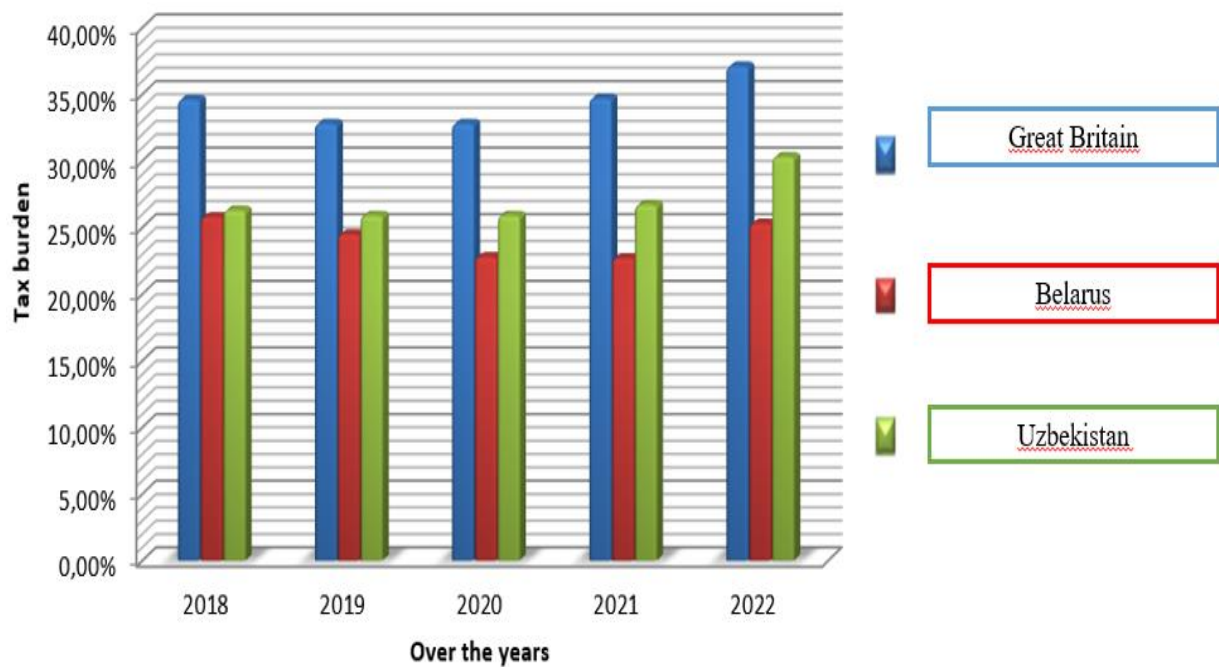


Figure 2. Changes in the tax burden in Uzbekistan, Belarus and Great Britain in the period 2018-2022⁴

A. Laffer said in an interview during his visit to Uzbekistan in 2019: "Developing countries should refer to the experience of developed countries, not their current practice." In fact, the result of today's practice will be seen tomorrow, therefore, when analyzing the practice of other countries in the field of tax policy, it is necessary to focus on the reforms that led to today's result, take the successful ones, and draw conclusions from the ineffective ones.

Here, looking at the experience of Belarus, the tax burden tends to decrease in 2018-2022 (Figure 2), and it is not possible to draw a clear conclusion about 2022, as the ear-end report has not et been submitted.

The reduction of the tax pressure on the economy in the country was influenced by changes made to the legislation of the domestic tax system before the analyzed period, including: the abolition of turnover tax, the exclusion of the active part of fixed assets from the object of real estate taxation, almost all local taxes and fees were abolished, tax rates were reduced under the simplified taxation system and a number of other important innovations were introduced. In 2012, the reduction of the income tax rate from 24% to 18%, the introduction of the "depreciation bonus", the transfer of losses

⁴ Prepared by the author based on the above tables

to future profits, the promotion of innovative and high-tech products of local production, increase the investment attractiveness of the economy of the Republic of Belarus and its competitiveness. is one of the measures aimed at further optimization of the load [Vladykovskiy, 2012].

Until 2022, the following republican level taxes were in force in the Republic of Belarus: value added tax, excise taxes, profit tax, tax on the income of foreign organizations not operating in the Republic of Belarus through a permanent establishment, personal income tax, property tax, land tax, ecology tax, tax for extraction of natural resources; offshore levy; coat of arms collection; consular fee; state duty; patent duties; customs duties, customs fees and customs fees on goods for personal use; disposal fee.

Since taxes are the largest financial component of the country's budget, increasing this income is one of the priorities of any country. But the desire of any taxpayer is the opposite - to achieve the maximum reduction of the tax burden. And any tax-paying company can do this only by creating a reasonable financial strategy.

However, it is not possible for every company to create a thorough financial strategy and implement it, and external factors often hinder it. As a result, the amount of taxes and fees that the taxpayer is paying appears to be too large compared to the profits that he is receiving, and the taxpayer begins to look for ways to avoid and avoid paying these taxes. This is where the secret economy comes into play.

The fight against the secret economy is observed in many countries of the world. In particular, in the economy of our country, the hidden sector is widespread, and it has always had a negative impact on the level of the tax burden, because it is difficult to accurately assess the impact of the tax burden on tax collection and the level of the real tax burden on the country's economy. does not allow to determine.

Measures to reduce the tax burden on the country's economy can be implemented in two different directions. (Table 4)

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Ways to reduce the tax burden Table 4

The legislative direction of reducing the tax burden	Direction of equal distribution of financial means
1. Lowering the tax rates of the main types of taxes	1. Reducing the share of the shadow economy sector
2. Universalization of taxation	2. Strengthening tax discipline
3. Reducing the number of taxes	3. Expanding the taxable base

Reducing the tax rates of the main types of taxes is undoubtedly the fastest way to reduce the tax burden, but this solution will lead to a sharp decrease in the state's tax revenues, so choosing this path should not be an easy decision, but should be based on a very thorough analysis.

In this regard, there are cases where states sometimes increase the tax rate for certain types of taxes, despite the fact that they are taking measures to reduce the tax burden. For example, in Russia, starting from January 1, 2019, the rate of value added tax was increased from 18% to 20%, because this tax is one of the main items in the formation of taxable income, and in recent years its share has been at least 35% of the state federal budget.

Universalization of taxation means that the country's tax system should impose the same requirements on the efficiency of a certain taxpayer's business, regardless of the form of his ownership, the subject of taxation, to which industry or direction he belongs. The principle of universalization provides for the provision of the same approach to the calculation of taxes, regardless of the source of income and the place of formation of income or the object of taxation.

Reducing the share of the hidden sector of the economy can be the most effective means of reducing the country's tax burden, because according to the observations of our local economists, the share of the hidden economy in the Republic of Uzbekistan has been 40-50% of the country's gross domestic product for the last few years.

Reducing the size of the private sector of the economy can be achieved by:

- development of mechanisms for detection of tax violations;
- increase of fines according to the tax law;
- encourage voluntary exit from the shadow economy;
- creating connections and alliances that prevent taxpayers from moving into the secret sector.

In general, in recent years, a number of works have been carried out in Uzbekistan in all these areas, since Friday, the Tax Code has been revised and appropriate changes have been made, the types of taxes have been reduced and the tax rates have been reduced for certain types of taxes. the towing base was expanded and many measures were taken to reduce the secret economy. Decree No. PF-6098 of the President of the Republic of Uzbekistan on October 30, 2020 "On organizational measures to reduce the underground economy and increase the efficiency of tax authorities" is one of them.

Annex 1 to the Decision PQ-4389 of the President of the Republic of Uzbekistan dated July 10, 2019 "On additional measures to improve the tax administration" defined the strategy for improving the tax administration and its main as one of the directions, improvement of the tax policy and reduction of

the level of secret turnover in the economy, and for this purpose optimization of the tax burden (reduction and balancing) have been defined.

4. Conclusions and suggestions

Although the implemented reforms are helping the country's economy to move in a positive direction from ear to ear, there is still a lot of work to be done in this area.

World experience shows that when determining the optimal level of tax benefits, it is necessary to prioritize the economic stimulation of production development, that is, the interests of the producer of goods. A high level of tax burden on the business environment leads to an increase in the price of manufactured products and a decrease in the supply of goods and services in the market.

In order to stimulate economic growth, the necessary measures to reduce the tax burden on business entities should be implemented in two directions:

- 1) expanding the list and scope of targeted tax incentives for investments and innovations.
- 2) Depreciation reform in the country. The transition to the application of accelerated depreciation in all regions will help to significantly reduce the portion of the total profit that is subject to income tax. By using this method of reducing the tax burden on business, the state can obtain several times more additional financial resources for investments than the budget revenues in the form of income tax.

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