



PERSPECTIVE COUNCILS OF TAX POLICY IN UZBEKISTAN

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Abstract: The article discusses issues related to the legal basis of the country's tax system, the main directions of tax policy, the main changes and additions in the tax legislation of Uzbekistan. Also, the main priorities of tax policy for the near future are analyzed and ways to improve the country's tax system are given.

Key words: tax policy, tax burden, tax legislation, tax regime, tax incentives and preferences.

INTRODUCTION

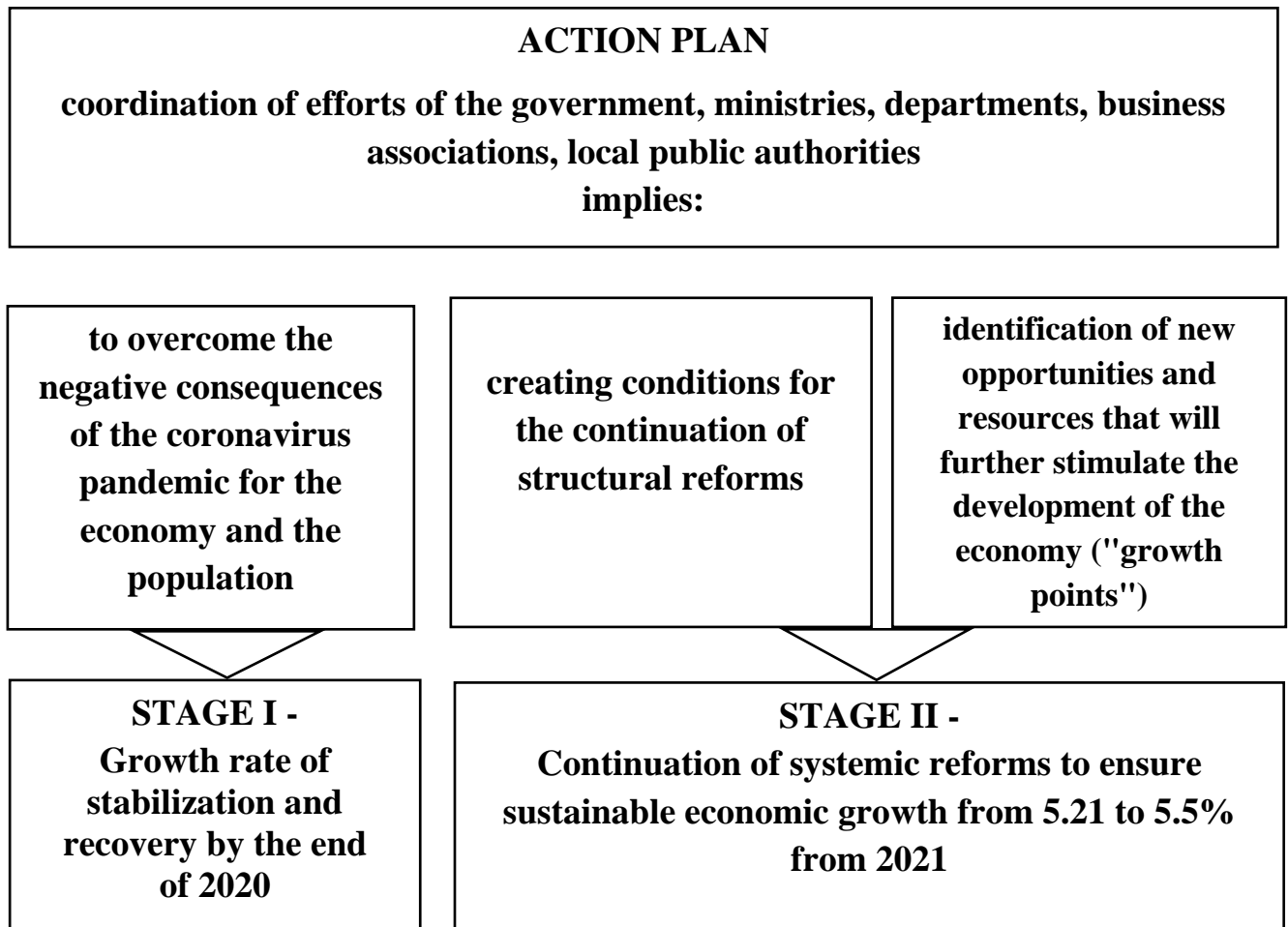
The Action Strategy for five priority areas of development of the Republic of Uzbekistan identified such important issues as tax policy, reducing the tax burden, continuing to simplify tax policy, improving tax administration and expanding appropriate incentive measures, which are important conditions for increasing the country's investment attractiveness and accelerated development economy.

The mechanisms of tax policy are the main source of the formation of state budget funds, an important tool for deep structural reforms. It is difficult to overestimate the role of tax policy in stimulating the development of large and small businesses. Over the years of independence, the tax system of Uzbekistan has passed serious strength tests, changing in the process of its evolution, stimulating the steady development of business.

Over the past three years, more than ten decrees, resolutions and instructions of the President of the Republic of Uzbekistan have been adopted on reforming the financial and tax system of the republic.

In order to support the economy of the Republic of Uzbekistan, the government has adopted a practical action plan to restore economic growth and continue structural reforms.

At the same time, the tax policy for 2021 is aimed at continuing tax reforms that provide for the direct effect of the Tax Code, further support for exporters, equitable distribution of the tax burden and increased efficient use of natural resources.



Picture 1. Government, ministries, departments, business associations, local government Action strategy to coordinate the efforts of the authorities

It is envisaged to include in the Tax Code the rates of excise tax, land tax, tax for the use of water resources and tax on income of individuals, established in a fixed amount, as well as separate norms related to the application of these rates.

The Tax Code of Uzbekistan includes the rates of excise tax, land tax, tax for the use of water resources and tax on income of individuals, established at a fixed rate, as well as separate norms related to the application of these rates.

Excise taxes provide for equalization of rates for import and production. Different rates for import and production will remain only for alcoholic beverages, tobacco products and finished sugar.

It is proposed to abolish the excise tax on imports for 73 commodity items. Among them are food products (20 types of goods - juices, cheese, cottage cheese, margarine, confectionery flour products, sausages and similar meat products, etc.), electrical goods (35 types of goods - refrigerators, TVs, gas stoves, vacuum cleaners, washing machines, etc.) and other headings.

For legal entities providing mobile services, the excise tax rate is reduced from 20% to 15%.

It is proposed to tax the import of white sugar without flavoring or coloring additives into the territory of Uzbekistan at a rate of 20%. At the same time, the import of raw sugar is not subject to excise tax.

Today, it is planned to expand the range of enterprises paying VAT regardless of the amount of revenue. These include:

- stationary outlets for retail sales of alcoholic beverages, including beer;
- markets and shopping malls.

According to the current rules, from April 1 to December 31, 2020, VAT payers with a turnover for the sale of goods (services) of no more than 1 billion soums per month, applying the ESF, are entitled to calculate and pay VAT on a quarterly basis.

It is possible to offset VAT paid (payable) on actually received goods (services), regardless of the amount of foreign exchange earnings. This will support enterprises exporting goods on consignment terms (with a deferred payment) and prevent the diversion of working capital. Today, the use of a zero rate when exporting goods is due to the presence of a bank statement confirming payment for the exported.

In order to simplify the procedure for calculating pensions, it is proposed to unify social tax rates for certain categories of individuals. In particular, self-employed citizens, students of the Usta-Shogird school during their work until the age of 25, dekhkan farms, as well as citizens of Uzbekistan who work abroad for hire on the basis of an employment contract, citizens of Uzbekistan working in trading houses, representative offices (including without the formation of a legal entity), organizations created (opened) in foreign states by government agencies and other organizations of the Republic of Uzbekistan, pay social tax in the amount of at least 1 BRV per year to calculate the length of service.

The tax rate on the property of legal entities and the reduction coefficient applied to the rates of land tax from legal entities for individual objects and land plots are increased from 0.2% to 0.4% - from 0.1 to 0.25. This will allow to gradually bring the size of the reduced rate to the base rate of property tax and land tax.

For land tax, base tax rates are established for non-agricultural land in the regions of the republic in absolute terms, taking into account their indexation by 15%. On their basis, local government authorities will determine the specific size of tax rates using increasing and decreasing coefficients depending on the economic development and prestige of the area.

From 2021, fruit and vegetable farming enterprises will return to the calculation of land tax based on the standard value of agricultural land. The tax rate will be set as for agricultural land. This will make it possible to establish a unified taxation procedure for lands of this category.

For the tax for the use of water resources, the rates are established based on the categories of taxpayers and the purposes of water use. It is envisaged that taxpayers will introduce separate accounting of the volumes of water resources used for different purposes for calculating the tax.

Tax rates are indexed by 15%, and for certain sectors of the economy - by 30%. The purpose of indexation is to gradually bring the rates up to the unified tax rate set for industrial enterprises.

For utilities, tax rates for water use remain at the 2020 level.

For water used for irrigation of agricultural land and fish farming, including dekhkan farms, a single tax rate is established at the rate of 40 soums per 1 cubic meter. m.

The tax rates for individual construction minerals are being unified. This will create additional conditions for the development of nonmetallic mineral deposits and ensuring their efficient extraction, especially from river beds.

As part of monitoring and analyzing the effectiveness of the Tax Code, a new version of a separate draft law is being developed - with amendments to the Tax Code based on proposals from specialists from ministries and departments, experts and tax consultants.

In recent years, the government of the republic has been paying special attention to the implementation of a comprehensively thought-out program aimed at ensuring deep structural transformations, reliable protection of the interests of private entrepreneurship and small business, in legislative, regulatory and practical provision of the priority role of private property, and a gradual reduction in the presence of the state in the economy. Uzbekistan. Currently, 100 percent of tax and statistical reporting is submitted electronically via the Internet, which saves time and money for entrepreneurs.

The situation that has changed in connection with the coronavirus pandemic is making adjustments to the implementation of the forecast of state budget revenues. With the introduction of quarantine and restrictive measures, there is a significant decrease in economic activity and lower tax revenues to the budget are expected. Anti-crisis measures in the form of deferrals and installments of tax payments and tax incentives also led to a decrease in tax revenues in 2020. In the context of the ongoing changes, the forecast of the state budget revenues will be updated taking into account the assessment of the consequences of the coronavirus infection pandemic.

The forecast of state budget revenues for 2021 was prepared on the basis of:

- Forecast of socio-economic development for 2021
- The main directions of tax policy for 2021, providing for a reduction in the tax burden from 26.2% to 24.5%;
- Forecast of price changes in world markets for certain types of strategic goods;
- Introducing new forms of tax control and tax administration mechanisms;
- Cancellation of tax and customs benefits, in particular VAT.

WHEN EVALUATING EXPECTED INCOME FOR INDIRECT TAXES, THE FOLLOWING ARE:

for VAT

- an increase in the number of payers and an expansion of the taxable base due to the introduction of the turnover criterion in the amount of 1 billion soums. and cancellation of tax incentives
- rate reduction
- coverage of the entire turnover of electronic invoices.

for excise tax

- indexation of rates for alcoholic and tobacco products, natural gas, plastic granules, mobile communications;
- the introduction of an excise tax on certain goods.

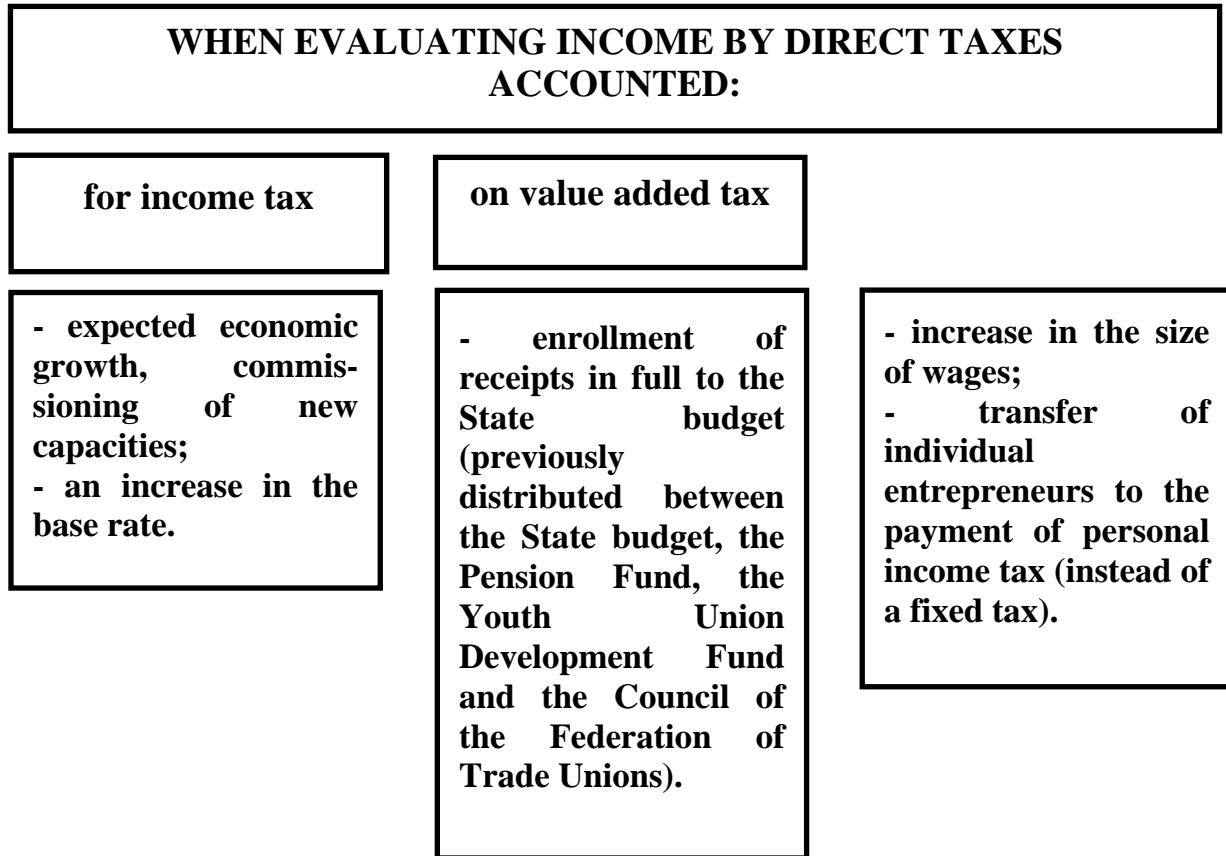
for customs duty

growth in imports

. Assessment of expected income for indirect taxes

In terms of tax sources, the bulk of the state budget revenues are projected from indirect taxes. The main income (76%) of indirect taxes will be provided by VAT.

Direct tax revenues in 2020 amounted to 31.6% of total revenues.



Picture 3. Assessment of direct tax income

The mechanisms of fiscal policy for 2021 will focus primarily on modernization, technical and technological renewal of production, accelerated development of road transport and engineering and communications infrastructure, development of the agro-industrial complex, ensuring export growth and increasing the competitiveness of the national economy.

The main priorities of tax policy for the near future are: further reduction of the tax burden on business entities and the population, simplification of the taxation system, ensuring a balanced budget system by strengthening the revenue side of local budgets.

This year, it is envisaged to ensure a balanced budget system, to increase the efficiency of spending budget allocations by expanding the use of state programs in the budgetary direction, to continue the course for the further development of the social sphere, growth of income, savings and purchasing power of the population with simultaneous targeted social support for families in need, as well as to implement other measures.

In order to achieve the established development priorities, it is envisaged to concentrate the efforts of the state on increasing investments in the branches of the real sector, in which finished products with a high degree of processing are produced.

The achievement of this goal will be facilitated by the modernization of taxation, taking into account the specifics of pricing in the context of deep specialization and cooperation of industrial production.

Already in the medium term, it is advisable to amend the system of taxation of legal entities, providing for:

- redistribution of part of the load from manufacturing industries to the sale of consumer goods and services, ownership of real estate (the production of goods, especially those with a higher added value and degree of processing, should cost an enterprise with lower tax expenses, and the consumption of final products and services by the population

- with more expensive, taking into account the social factor); - making adjustments to the calculation of VAT, STP, turnover payments from proceeds (to Trust Funds), property tax, CAP (in order to eliminate the gap in the VAT chain, imbalances in the sectors of the economy, stimulate resource and energy conservation);

- instead of urgent tax benefits (individual, sectoral, for exporters, for enterprises with foreign investments), gradually switch to long-term differentiated tax rates depending on the sector of production activity, regardless of the investor (domestic or foreign);

- to prepare regulatory and legal conditions for the introduction of compulsory health insurance (part of the CAP funds to direct for these purposes) and reforming the pension system. The ambitious goals for the medium and long term require mobilizing sources of growth and further improving tax mechanisms.

It is necessary to further improve the conditions for taxation of business entities, to create a favorable environment for the development of large and small enterprises, microfirms, legal entities and individuals.

Already in the medium term, it is necessary to make a transition from the use of primarily fiscal tax instruments to incentive mechanisms that best meet the requirements of a market economy. By improving tax and other instruments, conditions will be created that are conducive to the development of a competitive environment in domestic markets, increase the level of competitiveness of products with a high degree of processing and added value, and form a resource-saving, environmentally friendly national economy.

In these conditions, the economy of Uzbekistan will be least susceptible to the influence of external unfavorable shocks, which will ensure its sustainable development in the long term, which will contribute to the further development of entrepreneurial activity.

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