

MODERNIZATION OF THE TAX SYSTEM OF THE REPUBLIC OF UZBEKISTAN: FEATURES AND PROBLEMS OF MODERN DEVELOPMENT

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ABSTRACT:

The article reveals the role and significance of the state tax policy in the development of the economy, its new requirements and features in the context of economic modernization, the main directions of the state tax policy in the light of the latest legislative acts of decisions of the Government of the country. Particular attention was paid to disclosing the shortcomings in tax practice and the main directions of their solution in the complex of urgent measures to modernize the country's tax policy, taking into account the peculiarities of the tax policy of the Republic of Uzbekistan for 2021.

KEYWORDS: tax policy, modernization of tax policy, tax system, tax system, elements of taxes, tax system, conceptual foundations for the development of the tax system, the concept of improving tax policy.

INTRODUCTION:

In achieving high rates of economic development, the role of reforms in the tax system is great. The main goal of the ongoing reforms in the country is the formation of an effective tax system that meets the requirements of a market economy.

Theoretical approaches to the modernization of taxation are not systematized and are multidirectional - from evidence of the need to simplify and unify them, up to the revival of a single social tax, to diversification of mechanisms and types of tax burdens.

The trends emerging in the world, according to the report, Price Water house

Coopers "Payment of taxes in 2018", prepared for the World Bank, are characterized for the world countries by a decrease in the average tax burden on business by 0.1% - to 40.6% of profit.

The time period for fulfilling tax obligations of medium and small enterprises, according to average estimates, decreased by 8 hours - to 251 hours, and the number of tax payments - by 0.8 items, to 25. At the same time, taxes for a medium-sized enterprise in 44 countries increased, in 38 - decreased.

A comprehensive analysis of theoretical approaches to the process of reforming the taxation system served as the basis for justifying the need to modernize the modern tax system, which is one of the key priority tasks of the economic policy of the Republic of Uzbekistan, which determined the importance of the problem studied in this scientific article.

The key prerequisite for the author's theoretical approach was the study and evaluation of the effectiveness of various approaches to tax reform, their consolidation to select the optimal vector for an adequate and reasonable modernization of the modern tax system of the Republic of Uzbekistan, which determined the choice of the topic of the scientific article, its goals and objectives.

The purpose of the scientific article is to substantiate the directions of modernization of the tax system of the Republic of Uzbekistan - as the most important condition for the accelerated development of the economy and improving the investment attractiveness of the country.

The implementation of the main goal of

this scientific article required the formulation and solution of a number of problems:

Substantiate conceptual issues and directions of reforming the tax system of the Republic of Uzbekistan in the near future;

Describe important changes in the draft of the new edition of the Tax Code, introduced from January 1, 2020;

Describe the features of the tax policy of the Republic of Uzbekistan for 2021;

Development of recommendations and proposals for the effective implementation of the tasks of modernizing the tax system of the Republic of Uzbekistan.

MAIN PART:

Substantiation of conceptual issues and directions of reforming the tax system of the Republic of Uzbekistan in the near future.

Today Uzbekistan is rapidly and confidently moving towards its long-term goal - to be among the modern developed, democratic states, to provide its people with decent living conditions.

A consistently pursued tax policy, aimed at diversifying and modernizing the economy, creating a middle class of the population in the country and strengthening social stability, and accelerating the pace of socio-economic development, plays an important role in

achieving this goal.

It is well known that the Government of the Republic of Uzbekistan in recent years has been carrying out large-scale measures to modernize the tax system, the important vectors of which are the radical improvement of tax administration, increasing the collection of taxes and other mandatory payments, reducing the tax burden and guaranteeing the protection of investors' rights.

On June 29, 2018, the President of the Republic of Uzbekistan signed Decree No.UP-5468 "On the concept of improving the tax policy of the Republic of Uzbekistan" on the approval of the Concept for reforming the tax system of the Republic of Uzbekistan, developed by the National Agency for Project Management under the President of the Republic of Uzbekistan.

It says a lot about the pressing problems in the country's tax practice and about the ways to solve them, which force everyone to take the pressing issues more seriously, to rethink their existing considerations.

In our opinion, a more detailed study of the complex of measures of the state to modernize the tax system within the framework of the Concept of improving the tax policy of the Republic of Uzbekistan (Fig.1) is important.

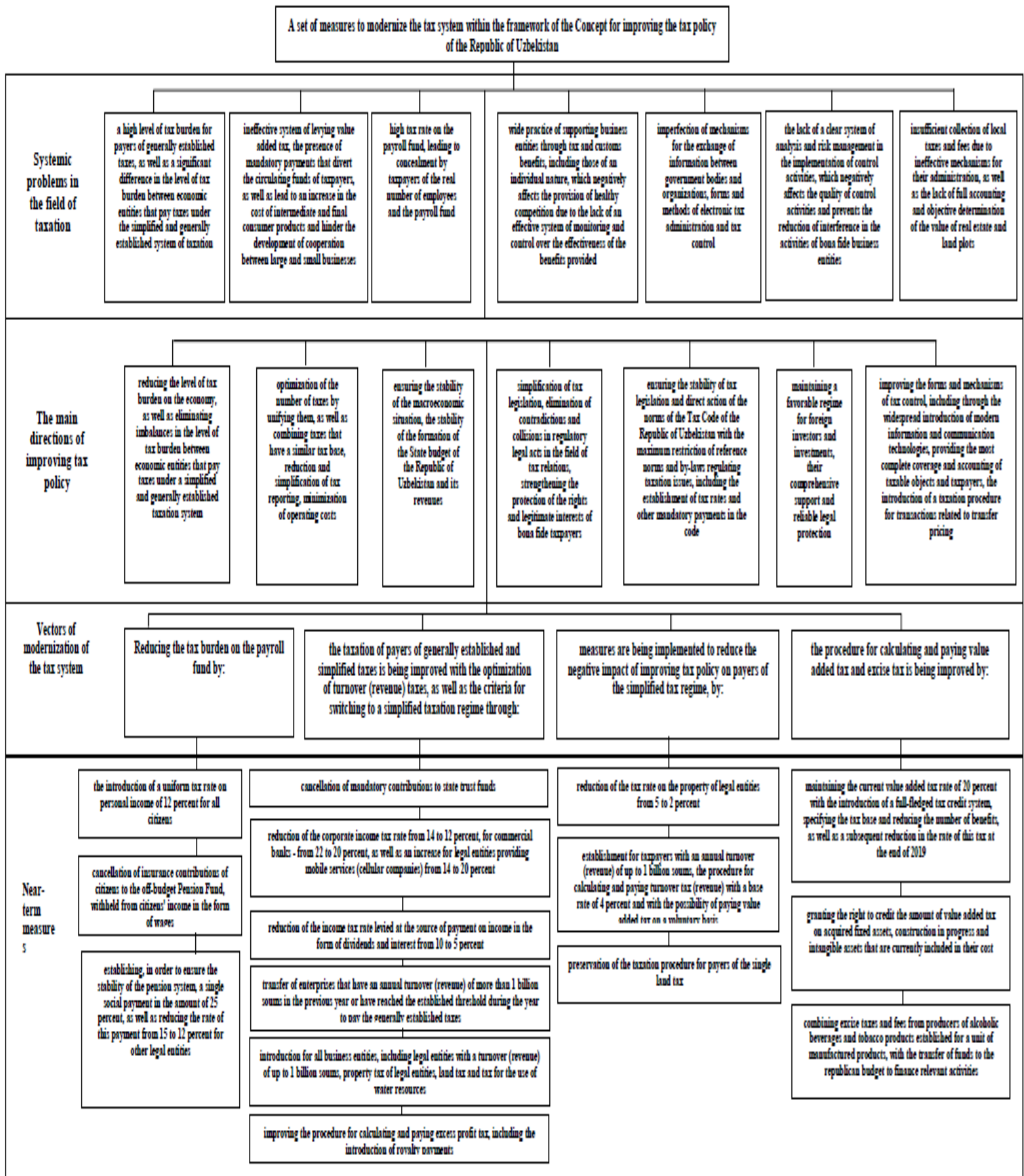


Fig. 1. A set of measures to modernize the tax system within the framework of the Concept for improving the tax policy of the Republic of Uzbekistan

First of all, it should be noted that the Tax Code of the Republic of Uzbekistan was revised and adopted in a new edition in the following years:

from January 1, 1998 to January 1, 2008 (for ten years), the tax code of the Republic of Uzbekistan approved by the Law of the Republic of Uzbekistan dated April 24, 1997 No. 396-I was in force;

From January 1, 2008 to January 1, 2020 (for twelve years), the tax code of the Republic of Uzbekistan was in force, approved by the Law of the Republic of Uzbekistan dated December 25, 2007 No. 3PY-136;

From January 1, 2020, the Tax Code was put into effect in a new edition by the Law of the Republic of Uzbekistan dated December 30, 2019 No. 3PY-599, which was prepared by the Ministry of Finance of the Republic of Uzbekistan together with the State Tax Committee of the Republic of Uzbekistan with the participation of the International Monetary Fund, the World Bank, international and national experts.

In accordance with Art. 17 of the Tax Code of the Republic of Uzbekistan in the new edition, the taxation system, consists of taxes and fees (table-1).

Table 1. Taxes in force on the territory of the Republic of Uzbekistan

According to Article 23, entitled "Types of taxes and other mandatory payments" of the previous Tax Code	According to article 17, referred to as "Types of taxes and fees" of the Tax Code as amended
1) corporate income tax; 2) personal income tax; 3) value added tax; 4) excise tax; 5) taxes and special payments for subsoil users; 6) tax for the use of water resources; 7) property tax; 8) land tax; 9) unified social payment; 10) tax for consumption of gasoline, diesel fuel and gas; 11) single tax payment; 12) unified land tax; 13) a fixed tax for certain types of entrepreneurial activity.	1) income tax; 2) personal income tax; 3) value added tax; 4) excise tax; 5) tax for the use of subsoil; 6) tax for the use of water resources; 7) property tax; 8) land tax; 9) social tax.

As the President of the Republic of Uzbekistan Sh. Mirziyoyev noted: "According to the recently adopted Tax Code, a lot of innovations are being introduced this year. In particular, the number of types of taxes has been reduced from 13 to 9. Facilitated tax payment mechanisms have been introduced with the possibility of deferral or installment plans. For the first time, a procedure is being introduced to return a part of the value added tax to entrepreneurs when selling products. Previously, this order was applied only when

exporting it. Due to this, 3.4 trillion soums will remain at the disposal of entrepreneurs, or 2.5 times more than last year".

The most important direction is the transformation of state tax authorities into a service-oriented service by creating their new image as a business partner and a consultant for taxpayers, the unconditional fulfillment by each employee of the target task - "Tax Service is a reliable partner of a conscientious taxpayer" 21.

The significance and participation of taxes in the formation of revenues of the state budget of the Republic of Uzbekistan are endless (table-2).

Table 2. The main ones showed tax revenues of the State budget of the Republic of Uzbekistan for 2016-2019.

INDICATORS	2016		2017		2018		2019	
	billion sum	in %	billion sum	in %	billion sum	in %	billion sum	in %
Excluding income from state trust funds - total	40505,8	100	44469,6	100	62229,5	100	102 627,6	100
DIRECT TAXES	9338,5	23,0	10674,2	24,0	12805,4	20,6	29 125,5	28,4
Corporate income tax	1266	3,1	1291,1	2,9	2510,9	4,0	15 980,0	15,6
Deductions to the state budget from a single tax payment	1237,9	3,1	1622,8	3,6	2110,5	3,4	1192,1	1,2
Personal income tax	4040,4	10,0	4476,1	10,1	5198,8	8,4	11 367,4	11,1
Fixed tax from legal entities and individuals engaged in entrepreneurial activity	742,5	1,8	831,7	1,9	1077,6	1,7	586,0	0,6
Improvement and social infrastructure development tax	668,5	1,7	839,3	1,9	-	-	-	-
INDIRECT TAXES	22298,1	55,1	24285,4	54,6	33404,3	53,7	47 029,8	45,8
Value added tax	12505	30,8	13422,1	30,2	22019,4	35,4	35 993,5	35,1
Excise tax	6480	16,0	6870,8	15,5	8343,8	13,4	9 017,5	8,8
Customs duties	1717,4	4,2	1632,2	3,7	1415,3	2,3	2 018,8	2,0
Gasoline, diesel and gas consumption tax for vehicles	1595,7	4,0	1940,3	4,3	1323,2	2,1	-	-
Property tax and resource payments	5806,5	14,3	6049,5	13,7	9714,5	15,6	16 906,0	16,5
Property tax	1874	4,6	1988,8	4,5	2158,9	3,5	1851,1	1,8
Land tax	873,5	2,1	1102,5	2,5	1266,6	2,0	1834,3	1,8
Subsoil use tax	2874,6	7,1	2746,3	6,2	6203,1	10,0	12 952,1	12,6
Water use tax	184,4	0,5	211,9	0,5	85,9	0,1	268,5	0,3
Excess profits tax	390,2	1,0	723,2	1,6	1367,7	2,2	130,0	0,1
Other income	2672,5	6,6	2737,3	6,1	4937,6	7,9	9 436,3	9,2

As can be seen from the data in Table 2, the share of indirect taxes in the state budget revenues changed from 55.1% in 2016 to 45.8% in 2019, that is, it had a downward trend, while the share of direct taxes in this period increased from 23.0% to 28.4%.

Results achieved in the Republic of Uzbekistan as part of the implementation of tax reforms in 2018-2019

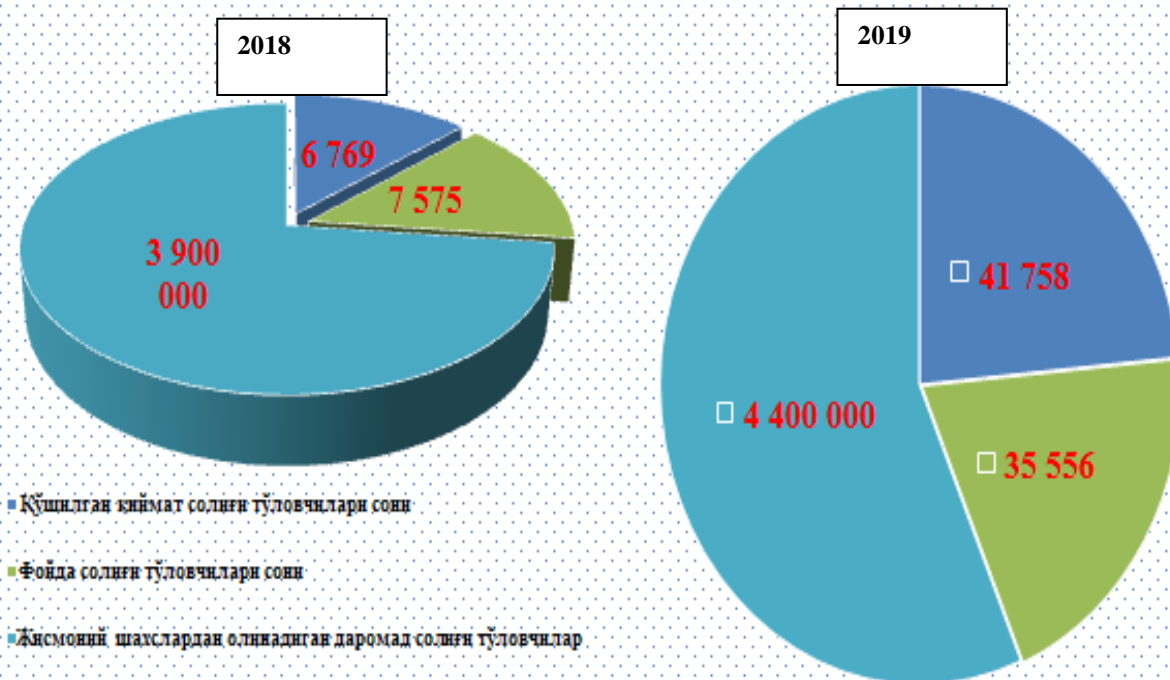


Diagram-1. Results achieved in the implementation of tax reforms in 2018-2019

The data in Diagram-1 indicate that as a result of the state's operational measures in 2018-2019, there was a sharp increase and stability of the plan of tax revenues, the number of taxpayers, the amount of revenues from the main types of taxes, as important factors in increasing tax collection.

According to the Decree of the President of the Republic of Uzbekistan No. PP-4086 dated December 26, 2018, tax revenues of the state budget in 2019 were set at 102,627.6 billion soums, in 2020 - 126,163.5 billion soums, and in 2021 - 154,185.5 billion soums.

IMPORTANT CHANGES MADE TO TAX PRACTICE BY THE TAX CODE FROM JANUARY 1, 2020:

1) "Green corridor" for the conscientious. All control activities are based on the results of risk analysis. If an entrepreneur submits reports on time and pays taxes, his tax

burden is at the average level for the type of activity, the tax authorities will have no questions by definition.

- 2) These will be determined not by a tax inspector, but by a computer program developed with the assistance of specialists from international organizations.
- 3) If the taxpayer is classified as a medium or high risk group, the attention of tax authorities to him will be increased. This attention will be clothed in a clear legal form of one of three control instruments: cameral control, field audits, tax audit.
- 4) Violations revealed by the results of in-house control and on-site audits can be corrected by the taxpayer himself without penalties. You will only have to pay a fine.
- 5) Penalties (except for penalties), lawsuits and other unpleasant consequences are provided only based on the results of a tax

- audit, which will replace audits. At the same time, the size of the sanctions will be differentiated depending on the type of tax offense.
- 6) The taxpayer must protect himself when choosing a counterparty. The new edition of the Tax Code introduced a new concept - due diligence. When choosing a counterparty, you will need to make sure that it is not a fly-by-night firm. To do this, you will need to check:
 - A. is the counterparty registered with the tax authorities;
 - B. does its own the production base;
 - C. is there any staff;
 - D. What are his financial condition and business reputation?
 - E. Whether he is able to fulfill obligations.
 - 7) Transactions with unscrupulous counterparties can lead to additional taxes.
 - 8) The state budget will pay penalties to taxpayers. Liability of tax authorities was introduced for unlawful addition of taxes, application of financial sanctions and delays in the refund of overpaid taxes. In these cases, the state budget already pays a penalty to taxpayers. For example, you have withdrawn money through collection on non-existent arrears. Or you "at the request" of the tax authorities made an overpayment to the budget. In such situations, the state will pay the business interest for each day of "use" of its money. The interest rate is assumed to be equal to the Central Bank's refinancing rate.
 - 9) The state will return the negative VAT balance. Today, the "negative" VAT balance is returned only to exporters. According to the proposed amendments, it will be paid to all payers after a desk audit. It will not be necessary for exporters, large taxpayers and enterprises that have submitted a bank guarantee.
 - 10) VAT on fixed assets - immediately offset. Business will be able to deduct VAT at a time on the acquisition (construction) of fixed assets, including real estate. This will help to save 20% of their value in the use of the enterprise. For example, when purchasing a building worth 3 billion soums, the amount of "input" VAT will be 600 million. The company can immediately set off this amount - deduct it from the VAT received from its buyer.
 - 11) Currently, the offset can be made in equal installments over 12 months, and for real estate objects - within 36 months. That is, the monthly enterprise in our example has the right to count only 16.7 million soums. The difference is obvious!
 - 12) There may be no simplified VAT. The simplified VAT procedure has been excluded from the Tax Code. It is disadvantageous for businesses because it does not allow them to deduct input tax. In fact, "simplified" VAT is the same STP, only at higher rates. It will not be needed in connection with the transition of agricultural producers to the payment of the generally established tax. This will allow the same catering establishments to take into account input VAT.
 - 13) The list of VAT payers has expanded. Added to the number of VAT payers:
 - A. Agricultural producers. At the same time, they were provided with benefits - a zero rate of income tax and exemption from property tax;
 - 14) -markets;
 - A. Law offices and firms;
 - B. Permanent establishments of foreign legal entities;
 - C. An authorized state body that will calculate and transfer VAT to the budget from the provision of state property for rent.

15) Donated property or services rendered may not be subject to VAT. But only on one condition - gratuitousness must be economically justified. This means that you transfer property or provide services for free:

- A. In order to carry out activities aimed at generating income;
- B. For the preservation or development of entrepreneurial activity. And the connection between expenses and entrepreneurial activity is clearly justified.

It is proposed to introduce a "tax on Google". Uzbekistan wants to establish VAT for foreign organizations providing services in electronic form to individuals. A special chapter is provided for this in the project. International companies such as Google, Yandex, Alibaba and others from January 1, 2020:

- are registered with the tax authority;
- submit monthly reports through the personal account of the taxpayer;
- Calculate and pay VAT on the cost of services provided to individuals in Uzbekistan in electronic form.

Profit forecasts and statements on current payments are a thing of the past. Taxpayers will no longer submit certificates of current payments. And - all, but for different reasons.

Enterprises with a total income of up to 5 billion soums for the tax period do not rent them, since advance payments are not provided for them. And everyone else is making advance payments. But, since the calculation methodology is simplified and fixed in the Tax Code, it is not necessary to predict profit and submit certificates.

Costs must be reasonable.

In accordance with the project, when determining the tax base for income tax, all economically justified costs are deducted from the aggregate income of enterprises. These are

any costs provided that they:

- 1) Produced for the purpose of carrying out activities aimed at generating income;
- 2) are necessary or serve for the preservation and development of such entrepreneurial activity, and the connection of expenses with entrepreneurial activity is clearly justified;
- 3) Follow from the provisions of the legislation.

INVESTMENT DEDUCTION WILL HELP YOU SAVE ON INCOME TAX:

When calculating income tax, an enterprise has the right to make an investment deduction in the amount of:

-10% of the cost of new technological equipment, the cost of modernization, technical, technological re-equipment of production;

-10% of the cost of domestically produced software within the framework of investment projects for the creation of information systems;

-5% of the amount of funds allocated for the expansion of production in the form of new construction, reconstruction of buildings and structures used for production needs.

FEATURES OF THE TAX POLICY OF THE REPUBLIC OF UZBEKISTAN FOR 2021:

The main directions of tax policy for 2021 provide for the preservation of the main tax rates for VAT (15%), income tax (15%, for certain categories 20%), personal income tax (12%), property tax of legal entities (2 %), land tax for agricultural land (0.95%), social tax (business entities - 12% and budgetary organizations - 25%), turnover tax (base rate 4%).

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, fair distribution of the tax burden and increased efficient use of natural resources.

The bill provides for the inclusion in the Tax Code of 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 certain norms related to the application of these rates. For 2020, these rates were established by the law on the state budget for 2020. For 2021, these rates have been changed as follows:

EXCISE TAX:

The excise tax provides for the equalization of most of the excise tax rates on import and production. At the same time, the rates of excise tax, established in absolute amounts, are indexed (taking into account the abolition of their envisaged indexation from April 1, 2020).

In this regard, excise tax rates are indexed from February 1, 2021. At the same time, rates for alcoholic products, including beer, as well as for tobacco products are indexed in 2 stages: from February 1, 2021, taking into account the refusal to index them in 2020, and from September 1, 2021, by an average of 7.5%.

For 73 commodity items it is proposed to abolish the excise tax on imports, in particular, on food products (20 types of goods - juices, cheese, cottage cheese, margarine, confectionery products, sausages and similar meat products), on electrical goods (35 types of goods - refrigerators, TVs, gas stoves, vacuum cleaners, washing machines), etc. This will ensure equal conditions for business entities. For legal entities that provide mobile services, the excise tax rate is reduced from 20 to 15%.

LAND TAX:

For land tax, base tax rates are established for non-agricultural land, broken down by regions of the country in absolute terms, taking into account their indexation by 15%.

The annual indexation of land tax rates for non-agricultural land is due to the fact that the rates are set in absolute value (soums) and will allow you to keep the share of land tax in total receipts.

At the same time, the specific size of tax rates will be determined by local government authorities based on the rates established by the Tax Code, with the use of increasing and decreasing coefficients, depending on their economic development and the prestige of the area.

WATER USE TAX:

For the tax for the use of water resources, the rates are established in the context of the category of taxpayers, as well as in terms of the volume of water used for certain purposes, which entails keeping separate records of the volume of water resources used for various purposes in order to calculate the tax. This measure is aimed at ensuring the rational and efficient use of water resources.

Tax rates on tax for the use of water resources are indexed by 15%, and for certain sectors of the economy - by 30% in order to gradually bring these rates up to the unified tax rate established for industrial enterprises.

The tax rates for the use of water resources remain at the level of 2020 for public utilities, and in terms of the volume of water used for irrigating agricultural land and breeding (growing) fish, including dekhkan farms, a single tax rate is set at 40 soums per 1 cubic meter.

VAT:

The bill provides for the expansion of the range of enterprises paying VAT regardless of the amount of proceeds, due to: stationary outlets for the retail sale of alcoholic beverages, including beer, as well as markets and shopping complexes. This will create a level playing field and prevent understating tax

revenues by transferring the share of profits from enterprises that pay VAT to persons who do not pay this tax.

In the context of the coronavirus pandemic, the Presidential Decree of April 3, 2020 (UP-5978) provided that in the period from April 1 to December 31, 2020, VAT payers whose sales turnover of goods (services) does not exceed 1 billion soums per month and using electronic invoices are entitled to calculate and pay VAT on a quarterly basis. It is proposed to keep this norm in the future, and to provide it as a permanent one in the Tax Code.

The bill offers the possibility of offsetting VAT paid (payable) on actually received goods (services), regardless of the amount of foreign currency earnings. This will support exporters who ship goods for export on consignment terms (with a deferred payment), and prevent the diversion of working capital. Only textile enterprises had such a right in accordance with the Presidential Decree of May 5, 2020 (UP-5989).

SOCIAL TAX:

To simplify the procedure for calculating pensions, it is proposed to unify social tax rates for a certain category of individuals.

Thus, the bill plans that self-employed citizens, students of the Usta-Shogird school - during the period of 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 working in trading houses , representative offices (including without the formation of a legal entity), organizations created (opened) in foreign countries by state bodies and other organizations of Uzbekistan pay social tax in the amount of at least 1 size of the base calculated value per year for calculating the length of service.

Accordingly, for this category of payers,

the bill specifies the deadline for paying social tax.

PROPERTY TAX AND LAND TAX:

As noted in the bill, an increase in the reduced rate on property tax of legal entities from 0.2 to 0.4% and a reduction coefficient from 0.1 to 0.25 applied to the rates of land tax on legal entities in relation to individual objects and land plots.

This will allow to gradually bring them to the base rate of property tax and land tax.

A reduced property tax rate and a reduction factor to land tax rates were introduced from January 1, 2020, in respect of objects for which tax benefits were previously granted. This measure was introduced in order to efficiently and efficiently use real estate objects, as well as to ensure full accounting of land plots owned by legal entities.

With the abolition of the single land tax (from January 1, 2020), the procedure for taxing agricultural land was retained for farms, based on their standard value for the purpose of calculating the land tax. From the same period, this procedure was also extended to other legal entities with agricultural land. At the same time, for horticultural agricultural enterprises (from January 1, 2019) and dekhkan farms, the procedure for calculating the land tax based on the rate established depending on the category of land (irrigated and non-irrigated) and the bonitet was retained.

To establish a unified procedure for taxation of agricultural land, the draft law provides for the extension of the procedure for calculating the land tax, based on the standard value of agricultural land, to horticultural agricultural enterprises and dekhkan farms. The tax rate will be set as for agricultural land.

On the tax for the use of subsoil, the rates for individual construction minerals are unified. This will create additional conditions

for the development of nonmetallic mineral deposits and ensuring their efficient extraction, especially from river beds.

The Presidential Decree "On further improvement of resource taxes and property tax" was adopted (No. UP-6121, 03.12.2020).

ACCORDING TO THE DECREE:

- Land plots allocated for storage of all types of waste and their disposal are excluded from the object of land tax on legal entities;

- For dehqan farms, a single tax rate is established in the amount of 40 soums per 1 cubic meter.

Also, the implementation of the mechanism for calculating property tax and land tax based on the cadastral value close to the market value of real estate is carried out in two stages:

- At the first stage (2021–2023) - for real estate objects of the housing stock (apartments, individual houses, country houses), as well as land plots occupied by these objects;

- At the second stage (2022–2024) - for individual non-residential real estate objects, as well as land plots occupied by these objects.

In addition, a new version of the Land Code will be developed, which provides classifiers for the types of permitted use of land plots and the grounds for terminating rights to them.

Development of recommendations and proposals for the effective implementation of the tasks of modernizing the tax system of the Republic of Uzbekistan.

As it was noted in detail and in a timely manner in the Decree of the President of the Republic of Uzbekistan No.UP-5468 dated June 29, 2018 "On the Concept of Improving the Tax Policy of the Republic of Uzbekistan", in the Resolution of the President of the Republic of Uzbekistan dated July 10, 2019 No.PP-4389 "On Additional Measures to Improve tax administration and other obligatory payments "and on its basis" Strategy for improving tax

administration in the Republic of Uzbekistan for 2019-2021 ", in the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated November 20, 2020 No. 736" On additional measures to further improve tax administration ": "Consistently reducing the tax burden, simplifying the tax system and improving tax administration are the most important conditions for the accelerated development of the economy and improving the country's investment attractiveness.

The shortcomings in the tax system negatively affect the investment attractiveness, since the current tax system, in the eyes of most investors, does not provide clarity, healthy competition, transparency of tax administration, an acceptable level of tax burden and guarantees to protect the rights of investors.

In order to further improve the tax system of the Republic of Uzbekistan, specialists in the field of taxation of our country and international experts identified the key priorities for modernizing the tax system of the Republic of Uzbekistan, the main directions of transforming the tax system and tax administration, as well as the expected results from modernizing the tax system of the Republic of Uzbekistan.

On certain provisions, which could be considered in more detail in the above documents on improving and modernizing the tax system of the Republic of Uzbekistan, we would like to express our views:

One of the most important areas of improving the tax system, which directly affects not only the increase in tax revenues to the budget, but also the formation of a positive perception of this system by taxpayers, is the steady decline in the total number of tax benefits. Such a reduction should be carried out, firstly, by rejecting ineffective benefits, which often did not reach the intended recipients, and secondly, by eliminating

benefits that distort the economic content of taxation and are a kind of loopholes to minimize tax liabilities.

A significant success in improving the tax system can be considered the implementation of a set of special tax regimes aimed at creating favorable taxation conditions for law-abiding, fair, creatively functioning categories of taxpayers for the common good.

Favorable conditions here are determined by: the possibility of reducing the tax burden; replacement of a number of taxes with one tax payment and, accordingly, a significant simplification of the tax administration procedure at the level of both the taxpayer and the tax authorities. In this regard, in the near future, important tasks are:

Elimination of low-income and difficult to administer taxes;

Reducing the tax burden on manufacturers;

Increasing the efficiency of tax administration.

The Concept establishes the introduction of a single tax rate on personal income at a rate of 12 percent for all citizens. Market relations in Uzbekistan are developing every day. Under these conditions, the discrepancy between the incomes of different segments of the population will also gradually increase. According to the concept, citizens must pay taxes at a proportional rate regardless of their income. This is contrary to the principles of taxation. Indeed, no one has ever liked or liked paying taxes. For this reason, in all states, the payment of tax is mandatory.

In world tax practice, including in countries with developed economies, this tax is levied in a progressive manner. Individual income tax rates are set differentially, depending on the amount of income of individuals or families.

It is impossible to approach unilaterally to the establishment of the tax rate when levying tax on personal income. First of all, it is

necessary to pay attention to the growth of the real income of the population, since an increase in the size of the real income of the population will lead to an increase in demand for goods (work, services).

In addition, when taxing, one must take into account the mentality of the people of Uzbekistan: the number of children in the family. When the size of the annual income of representatives of the social sphere, including teachers and doctors, lags sharply behind the weighted average world level, a special approach to taxation of personal income in this area is required. Their income must be taxed at a rate not exceeding 10%. This, in turn, will help reduce corruption.

4. Improving the procedure for calculating and paying value added tax with the introduction of a full-fledged tax credit system, specifying the tax base and reducing the number of benefits, as well as a subsequent reduction in the rate of this tax at the end of 2019, granting the right to include the amount of value added tax on acquired property, plant and equipment, construction in progress and intangible assets, which are currently included in their cost. We support these proposals. However, a methodology should be developed in which it is necessary to simplify as much as possible the mechanism for calculating VAT, so that it is clear to all taxpayers. At the same time, it is advisable to provide for tough penalties in relation to subjects deliberately hiding objects of taxation.

Thus, the successful implementation of the proposed measures to enhance the role of effective tax policy measures in ensuring the modernization of the tax system and maintaining sustainable economic growth will increase the efficiency of the tax authorities.

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