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## **ISSUES OF IMPROVING THE PRACTICE OF RESOURCE TAXATION IN THE TAX SYSTEM OF UZBEKISTAN**

NasimdjanoV Yunusjon Zoxidovich  
Tashkent State University of Economics  
Independent researcher

### **Abstract:**

This article aims to develop scientific proposals and practical recommendations to further increase the effectiveness of the tax system in the effective use of resource taxes and property taxes in Uzbekistan. In addition, it aims to group natural resources economically for taxation purposes and indicate their characteristics, conduct a theoretical analysis of scientific and research works on the taxation of natural resources, conduct a comparative analysis of foreign experience in the taxation of natural resources and highlight its specific features.

**Keywords:** resource tax, subsoil tax, budget, tax administration, tax potential, normative analysis, positive analysis, tax burden, representative tax rate, average rate tax reporting, tax revenues, tax incentives, tax rate. mines, foreign investors.

### **Introduction**

In the current process of globalization in the world economy, a number of works are being carried out in our country to develop mineral deposits in an industrial way, with the widespread attraction of foreign investments, to stimulate geological exploration using modern methods and technologies, and to further improve the procedure for taxation of subsoil users. Accordingly, ensuring the necessary level of collectability of taxes and other mandatory payments in the economy, improving new criteria and mechanisms for the protection of subsoil resources, and assessing their practical impact on economic development are important areas of scientific research.

It was found that there are certain problems in the tax system of Uzbekistan in determining the base of resource taxes, calculating them, determining resources as tax objects in the legislation and collecting them correctly from the budget. In this



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section of our research work, we will present our scientific observations on the problems identified by us regarding resource taxes and further improving the current taxation system, and we will try to provide their scientific basis.

One of the problems in this regard is the process associated with property resources that remain untaxed. As is known, in some cases, when tax arrears and forecast indicators for tax revenues related to property tax are not met, and as one of the problems that hinder tax collection within the framework of tax objects that should be taxed in accordance with the legislation, there are processes associated with the non-taxation of property objects and the occurrence of tax evasion by taxpayers in this regard. In this regard, we present the essence of our scientific and practical recommendations as a solution to this problem.

As is known, in accordance with the Decree of the President of the Republic of Uzbekistan No. PD-6061 dated September 7, 2020, the State Committee of the Republic of Uzbekistan for Land Resources, Geodesy, Cartography and State Cadastre was liquidated and the Cadastre Agency under the State Tax Committee of the Republic of Uzbekistan was established. According to it, the land balance and its reporting, the district (city) land cadastre book will be maintained only in the National Geoinformation System, a unified system of State cadastres will be formed in the National Geoinformation System, as well as the creation of a single electronic database of real estate objects and land plots. As a result, from September 2020 to the beginning of 2023, 623.5 thousand new taxpayers or 944.5 thousand real estate and land plots were taken into account, and an additional 613.3 billion soums (property and land taxes) were accrued to the budget. Based on the amendments made to Article 412 of the Tax Code by the Law of the Republic of Uzbekistan No. 741 of the Republic of Uzbekistan dated December 29, 2021, from January 1, 2022, the tax base for real estate owned by legal entities was set at the absolute minimum value per 1 sq.m (in Tashkent - 2.5 million soums, in Nukus and regional centers - 1.5 million soums, and in other cities and rural areas - 1.0 million soums). Today, as a result of the creation of additional conditions in our republic for the rational and effective use of idle production areas, business entities are taking measures to successfully implement many investment projects and create new jobs.



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When forming a list of unused objects to study them, a list of existing land plots and real estate in the area is formed based on reports submitted by taxpayers on land and property taxes, information from external sources, and information from self-government bodies. In particular, we believe that it is necessary to pay attention to the fact that legal entities that own land have carried out turnover, enterprises with turnover less than the initial cost of the property, enterprises with turnover less than the calculated land tax, have not reduced tax arrears in the last year, have calculated salaries for 1-3 employees, have not been accepted for use for more than two years since the land was allocated for entrepreneurial activity, enterprises with land that is not operating in the taxpayer database, have paid for utilities in the area where the facility is located (electricity, gas, water), have registered as individual entrepreneurs for non-residential property owned by individuals, and have leased it through the registration program, and to form a list of enterprises based on the location and characteristics of the property and other criteria.

In the process of returning tax amounts calculated at increased rates on objects where the effective tax mechanism is applied, upon receipt of a written application from the owners of the object regarding the termination of the effective tax mechanism due to its involvement in economic activities, it is advisable to conduct a site visit, and if it is determined that the unused object has actually been put into operation and involved in economic activities, submit a conclusion to the owner of the object and the state tax service body regarding the termination of the effective tax mechanism, based on the conclusion that the unused object has been involved in economic activities, terminate the applied effective tax mechanism and make appropriate entries in the taxpayer's personal card, terminate compulsory collection measures, and return the land and property tax amounts collected for the last 12 months as a result of the application of increased rates to the owner of the object whose effective tax mechanism has been canceled based on the conclusion. If these mechanisms proposed by us are implemented, firstly, it will be possible to effectively use resources in the form of property, secondly, they will be fairly and correctly taxed, thirdly, it will serve to prevent tax evasion from property tax, and fourthly, it will have a positive impact on property tax revenues.



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According to scientific conclusions based on the analysis of the practice of collecting resource taxes, today the tax system in Uzbekistan, especially the mechanisms for collecting resources, does not allow us to conclude that the goals set for taxes have been fully achieved. This is about the insufficient implementation of the tax for the use of water resources, the correct determination of the tax base for this, and the function of the tax to encourage the effective use of water resources. The biggest issue and problem here is that there are problems with ensuring the economical use of water resources and increasing the role of the tax system in this regard.

In order to address these problems and ensure the practical implementation of the tasks set by the government above, in our opinion, we consider it appropriate to implement the following, based on the analysis:

first, in one of the regions of our Republic (Kashkadarya region), implement a pilot project to digitize the management of all water access points and supply water to users, and based on its results, fundamentally revise the current mechanism for taxing water resources, while gradually introducing an approach to assessing water resources and collecting taxes based on market values;

secondly, to develop a "Concept for Keeping Accurate Accounts of Used Water Resources by Consumers", which includes mechanisms such as forming a system for keeping accurate records of used water resources by consumers, optimizing payments for water supply by agricultural producers and revising tax rates for the use of water resources, improving the financing system for special water management services, digitizing all water points within the district and city, integrating them into the "Water Accounting" automated information system, forming a balance of the volume of water delivered to the regions and distributing it among consumers, introducing a system for gradually distributing and collecting the costs of supplying water resources among consumers, introducing a mechanism for calculating taxes on the volume of water used based on water consumption standards, and introducing increasing tax rates based on the volume of water use by consumers, their periodicity, and the types of crops planted;

thirdly, to ensure that the "Smartwater.uz" information system, which allows online monitoring of water resources, reflects all irrigation networks and structures in electronic territories, as well as water intake points in them, to objectively collect



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taxes on consumed water resources, to integrate data generated as a result of digitization of all processes on consumed water resources into the “Water Accounting” automated information system for the purpose of fairly determining the tax base;

fourthly, to improve the financing system for special services in water management, to optimize payments for water supply by agricultural producers, to revise the tax rate for the use of water resources in agriculture;

fifthly, to introduce the practice of automatically generating tax reports by tax authorities based on data provided through the “Water Accounting” IT when calculating taxes for the use of water resources used for irrigation of agricultural land, etc.

It is known that in the taxation of water resources, taxpayers who use water-saving technologies for the purpose of efficient use of water are given tax benefits. According to the forecast of some experts, by 2030 Uzbekistan may lack 7 billion cubic meters of water, and all water saving initiatives in Uzbekistan will require an investment of \$ 19 billion. These figures require further expansion of incentives in the tax system of our republic for activities aimed at water-saving use through tax benefits. Based on this, in our opinion, land plots where water-saving irrigation technologies are introduced, such as sprinkler, discrete and other (including drip) irrigation, should also be exempted from tax for up to five years. At the same time, if this system (the system for introducing water-saving irrigation technologies) becomes unusable (or dismantled) within five years from the beginning of the month of its introduction, it will be necessary to determine the procedure for its cancellation with the restoration of tax obligations for the entire period during which tax incentives are applied.

Most of our scientific and practical recommendations on the existing problems of calculating resource taxes, collecting them to the budget, and organizing related tax administration, their solutions, or further improving the current situation, which were cited above, are today reflected to some extent in further improving the tax system reforms in our republic or in relevant government resolutions and decrees related to the effective use of land, water, and subsoil resources, and we believe that



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these proposals will have a positive impact on further improving the resource tax system.

### Conclusions and suggestions

In the course of the research work, definitions were formed as an author's scientific approach to this issue based on the analysis of scientific research works related to resources and their taxation. That is, according to the author, if by resources it is appropriate to understand, in our opinion, the material and intellectual potentials that characterize human capital, which are an important factor of production, created in the direction of the general interests of humanity, in our opinion, natural and human, then by resource taxation we mean the systematic process of implementing mechanisms for the effective use of limited and unlimited resources for the benefit of society and the use of financial and tax instruments aimed at the formation of financial resources of state target funds.

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