



THE INTRODUCTION AND IMPROVEMENT TREND OF VALUE-ADDED TAX ADMINISTRATION IN REGULATING THE ECONOMY

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Abstract:

Studying the administration of value-added tax in our country is also related to the improvement of value-added tax. The article analyzes the specific features of calculating the value-added tax base, some complications and problems in its determination, and focuses on issues of improving the formation of the tax base. In addition, based on the results of the changes and additions made in determining and calculating the value-added tax base, appropriate conclusions were formed and recommendations were developed.

Keywords: value added, value added tax base, tax, budget policy, budget, tax administration, tax potential, regulatory analysis, tax burden, tax reporting, tax revenues, tax benefits.

Introduction:

In the period of rapid development of the use of digital technologies in the economy, technical and technological renewal of production in our country, support of high-tech processing directions, formation of a competitive environment for economic sectors, achievement of competitiveness of national goods in domestic and foreign markets, export reforms aimed at ensuring the stability of the national economy by diversifying its composition and geography, as well as expanding the export potential of the regions, have become more active.

Value Added Tax (VAT) is a key component of modern tax systems worldwide, providing governments with an important source of revenue and influencing economic decisions. Its introduction and development in different countries are influenced by many socio-economic factors, political reasons, and international trends. In the case of Uzbekistan, the introduction of VAT is an important stage in



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the country's financial history, which is closely related to the direction of overall economic development. Our study aims to study the emergence of VAT in Uzbekistan, its implementation and problems, as well as subsequent reforms. By analyzing the process of VAT introduction in Uzbekistan, this study aims to reveal its impact on the economy, its effectiveness in generating revenues, and its importance in creating tax and budget policy.

The development of the value-added tax (VAT) system in Uzbekistan has been influenced by both domestic reforms and international experience, which indicates a stable growth in its fiscal policy. The formation of the VAT system in the country and its effectiveness have occurred as a result of global factors and local changes aimed at improving the tax system. An analysis of European countries shows that, despite the relatively low VAT rates, Uzbekistan has achieved effective reforms aimed at easing the economic burden. The VAT system of Uzbekistan has changed, adopting the successful experiences of other countries, to reduce disparities in the tax collection process and transition to a more equitable and sustainable tax system. Uzbekistan's VAT policy has been shaped primarily by reforms implemented under the influence of international practices in order to ensure sustainable economic growth. Some specific features of tax rates are noted in terms of improving the system for collecting value-added tax in the economy. Firstly, in a market economy, taxes serve not only as the main source of state budget revenues, but also value added tax is an important tool in state management of the economy and financing of priority sectors. In order to bring the country's economy to sustainable growth, it is necessary to improve the mechanisms for collecting value added tax, since this tax accounts for approximately 50 percent of state budget revenues. Therefore, great attention is paid to improving the tax system in the country. Secondly, one of the problems inherent in indirect taxes is the high tax rates, and reducing it to 10 percent instead of 15 percent would be desirable for enterprises to stimulate entrepreneurship.

Value Added Tax (VAT) plays a significant role in Uzbekistan as a key fiscal instrument. Recent measures are aimed at improving the VAT collection mechanism and increasing the number of business entities. Work is underway to increase the competitiveness of the national economy by reducing tax rates, while increasing VAT revenues without placing an excessive burden on taxpayers. The tax



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administration, using foreign experience, has implemented improvements aimed at solving local problems in tax collection and compliance. This, in turn, is part of a comprehensive reform aimed at ensuring the stability of state budget revenues. The VAT system in Uzbekistan is developing steadily, and important reforms are being implemented to increase the efficiency and fairness of the tax collection process, as well as to support the country's economic growth in accordance with international experience.

Speaking about the history of the emergence and development of value added tax (VAT), the following can be noted. VAT was invented in Germany at the beginning of the 20th century by Wilhelm von Siemens (1855–1919) and is considered one of the youngest types of taxes. However, his idea was not immediately put into practice. Later, in 1954, steps were taken in France by Maurice Loret to introduce a new tax system. Maurice Loret, as Director of the Tax Department of the French Ministry of Economy, Finance and Industry in 1954, is known as the "author" of VAT. Initially, this new tax was tested in the French colony of Côte d'Ivoire and, after being considered successful, was introduced in France in 1958. Later, by the end of 1972, all countries of the European Community were required to apply VAT to economic entities operating on their territory.

Today, value added tax (VAT) is recognized as one of the most important indirect taxes in Europe. All EU members have introduced this tax and it is included in its mandatory provisions. At the same time, for new members wishing to join the EU, the introduction of the VAT system is an important condition for joining the EU. Such widespread use of VAT is justified by several reasons. First of all, one of the biggest advantages of VAT is that this tax is added to the price of a product or service at each stage of production and distribution, and as a result, the exact tax liability of the product is clearly indicated. This avoids the problem of double taxation and the revenue is calculated accurately at each stage. This, firstly, increases the efficiency of the tax and aligns the tax burden for producers and consumers. This tax system allows you to collect tax on goods or services that are not directly identified in the production process, which eliminates cases of repeated tax payments. Secondly, another important advantage of VAT is its impact on export and import taxes. In export transactions, goods and services are exempt from VAT, which increases the



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competitiveness of national producers in foreign markets. Imports are subject to VAT along with the tax, which protects the internal market and gives an advantage to local producers. This practice helps to eliminate internal fiscal borders within the European Union and ensure a level playing field in the European market. This strengthens economic cooperation between members and ensures the stability of the common market.

As A. Smith (1773) noted, “the income of the sovereign, who rarely supports other workers except through taxes, is increased only by the capital of the people supporting productive labor.” In Russia, the value-added tax (VAT) was introduced in 1992, and this process led to a number of irregularities. Initially, after the introduction of VAT, problems arose in economic activity. However, over time, these irregularities gradually changed; many began to learn to work with VAT, and after a year or so, there were no serious problems with the application of this tax. During the period of growth of the Russian economic life, the value-added tax began to find its place in the market. Nevertheless, buyers were cautious in paying the 28% tax added to goods. At the same time, buyers were reluctant to accept this innovation, since many people perceived the payment of such a tax as an unexpected burden. This situation also prompted economic analyses to study how the tax paid by buyers would affect economic development. The introduction of VAT was carried out in the early 1990s, at a time when economic problems were intensifying in Russia, based on international experience. This tax was, of course, necessary to ensure the financial stability of the state. However, at the beginning of this process, one can talk about certain difficulties and resistance. Buyers in many cases were skeptical about the increase in VAT, since this tax could lead to an increase in prices for them. Especially during the introduction of VAT, the relationship between the state and the public was complicated, and instead of helping the state to maintain its financial stability, it often caused doubts and protests. After a year of VAT implementation, when the problems were eliminated spontaneously, the issue of consumers' willingness to accept additional payments from the tax became relevant. As a result, the process of introducing VAT led to significant changes in the Russian economy. This tax not only increased the state's financial revenues, but also served to develop economic awareness among the population. This process also contributed to the



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diversification and stabilization of the economy. However, people's attitudes and their actions are always changing in accordance with the supply and demand of a market economy. Therefore, the effective application and implementation of VAT is necessary for each country to have its own characteristics, as well as to strengthen dialogue with the public, and further improve tax policy. During this process, the correct understanding and information about taxes among the population plays an important role in accelerating economic growth in general.

Conclusions and suggestions

In order to reduce the cost of products and increase competitiveness among consumer goods, tax payers should be treated on the basis of the principle of fairness, in the event that a benefit is applied to one type of consumer good, the benefits are also applied to the products that make up its composition, directly in the society. it is appropriate to take into account the fact that the benefits will be implemented and the prices of consumer goods will be significantly affected.

List of used literature:

1. Code (2020) Tax Code of the Republic of Uzbekistan - Tashkent: Gafur Ghulam Publishing House. - 640 p.