



THE EFFECTIVENESS OF TAX INCENTIVES PROVIDED TO INDUSTRIAL ENTERPRISES IN UZBEKISTAN

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Abstract:

One of the important tasks of developing the service sector in our republic is to increase the volume of market services by introducing new approaches to them, and to expand the opportunities for creating new jobs for the population. In addition, the article discusses the benefits that enterprises use to develop certain sectors of the economy, prevent the increase in prices for socially important products and services, as well as provide social support to local producers and all segments of the population.

Keywords: budget policy, crisis, budget, tax incentives, tax administration, business entities, tax reporting, tax revenues, tax incentives, tax, tax rate, preferences.

Introduction

One of the most important elements of economic policy in ensuring the stability of our country's economy is the implementation of measures to further liberalize tax policy, simplify the taxation procedure, reduce the tax burden, protect the rights and freedoms of business entities, and limit interference in their activities. Taxpayers have the right to use tax benefits or refuse to use tax benefits from the moment the relevant legal grounds arise, with the exception of the sale of goods (services) exempt from value added tax (since, through this, the state aims to prevent an increase in the price of certain types of goods).

Within the framework of tax reforms, the tax authorities have carried out a number of works to abolish tax benefits, regulate their accounting and use in order to create equal competition conditions for all business entities.



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Today, scientific research is being conducted in the world to optimize the tax burden by unifying tax types and rates, abolish ineffective tax incentives, effectively regulate the economy through taxes, rationally use the incentive function of taxes, increase the effectiveness of tax incentives in stimulating innovative and investment activities at mining enterprises, and strengthen the role of taxes in increasing the financial and economic activity of enterprises. Attention is being paid to conducting scientific research aimed at introducing effective tax rates by improving the tax system, deducting a certain part of the amount spent on modernization of production at mining and metallurgical enterprises from the amount of profit tax, and exempting fixed assets of legal entities that are considered energy-efficient from property tax. Since the republic gained independence, extensive tax reforms have been carried out. This, in turn, contributed to the creation of a tax system that meets the requirements of a market economy, ensures the replenishment of the state budget revenue and financing of state expenditures, stimulates the growth of real incomes of the population, the modernization of production, and support for small and private entrepreneurship.

One of the most important financial instruments of the state in regulating the economy is taxes. The state of formation of tax relations in the country also plays an important role in determining the directions of managing the economy through taxes. For the republic, which is in the transition to a market economy, tax relations are being formed in a peculiar manner, one can say in rather complex conditions.

Therefore, it is necessary to regulate the existing economy in the Republic through the areas of optimization of tax relations, as well as to ensure the economic freedom of entrepreneurs, expand national production, achieve financial stability of enterprises, the functioning of the market mechanism, the development of private ownership, and coordinate the foreign trade balance.

There are a number of objective socio-economic reasons for the use of tax incentives in the tax system, and in our opinion, they are as follows:

Firstly, one of the main reasons for the existence of tax incentives is the different positions and social status of taxpayers (legal entities and individuals) in society. In this regard, it does not make sense to tax everyone in the same order (in the same amount);



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Secondly, the state performs the task of influencing the economy and putting it in order, using various mechanisms for this. One of the main mechanisms for this is the establishment of tax incentives in order to stimulate the activities of certain important sectors of society or taxpayers. That is, the state has the opportunity to effectively and conveniently manage or organize the economy through tax incentives, which shows that tax incentives are an important lever for the state to fulfill its functions and tasks;

Thirdly, another of the main reasons for the use of tax incentives is to achieve a convenient, effective and rational distribution of national income. That is, financial resources that should be attracted to the budget as taxes are purposefully left to the taxpayers themselves, without being attracted to the budget due to the provision of incentives. The advantage of this is that it simplifies the process of collecting tax payments to the budget and redistributing them, and it is achieved by stimulating business activities.

Tax incentives are expressed in changing the object of taxation, reducing (reducing) the tax base, reducing tax rates, etc. The minimum amount of non-taxable items, exemption from tax for certain categories of individuals and taxpayers, exclusion of certain elements from the tax object, reduction of tax rates, targeted tax incentives, tax credits (delay in collection of taxes), etc. are forms (types) of tax incentives. The problem of stimulating production, ensuring the inflow of foreign investments, organizing social protection, and actively influencing the development of various sectors based on the establishment of tax incentives in the country lies in this. In this regard, the criteria for establishing tax incentives in the country should correspond to international tax relations and be flexible in the active participation of the state in international economic relations.

Our country is considered a state of economic liberalization, and the economy is regulated and a number of economic levers are used, in which the widespread use of tax levers, tax rates and privileges is one of the most effective and easy methods.

Tax incentives and preferences are widely used in all sectors of production processes, in stimulating investment and innovation.

Depending on their effective use as a means of stimulation, tax incentives can be expressed in the following forms:



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full exemption from taxes; granting privileges to newly established enterprises; temporary exemption from paying taxes; reducing the taxable base; partial exemption from taxes; granting privileges to foreign investments; granting privileges to exports and innovative activities, etc.

Support for certain sectors can be achieved through stimulation through taxes. If the state strategy for regulating production through taxes is determined, then the tactics are implemented through tax incentives. There are several types of tax incentives, and they need to be grouped.

Over the years, the legal framework of the tax system of the Republic of Uzbekistan has been improving. If we pay attention to all tax laws and by-laws adopted to date, all of them have common similarities in the application of tax incentives and preferences. That is, the types of taxes are reflected in the legislation as follows.

Tax incentives in the country's tax policy are mainly aimed at stimulating investment and innovative activities, activating the financial activities of enterprises through the modernization of production with new technical and technological equipment, and increasing the country's export potential.

It is worth noting that special tax incentives are provided to certain categories of taxpayers. Thus, in order to develop the mining and metallurgical industry in the country, incentives have been provided on the basis of a number of legal and regulatory documents. In particular, the Navoi Mining and Metallurgical Combine State Enterprise has been granted a number of reliefs and privileges based on the Tax Code of the Republic of Uzbekistan, Decrees and Resolutions of the President of the Republic of Uzbekistan, and relevant resolutions of the Cabinet of Ministers. This is clearly confirmed by the gradual reduction of the tax burden and the introduction of additional benefits. In particular, the rates of basic taxes, such as corporate income tax, personal income tax, social payments to the payroll fund for employers, have been reduced, and a number of ineffective taxes have been abolished.

In order to reduce the cost of manufactured products (works performed and services rendered), ensure the production of competitive products, and support the implementation of the localization program, spare parts and components imported from abroad are exempted from customs duties in accordance with the relevant



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Decrees (resolutions) of the President of the Republic of Uzbekistan and resolutions of the Cabinet of Ministers.

Today, in accordance with Article 312 of the Tax Code of the Republic of Uzbekistan, taxpayers' expenses for scientific research and experimental design developments, in addition to expenses for the acquisition of depreciable assets, are considered taxpayers' expenses and are deducted from taxable profit, regardless of the results of the relevant scientific research and experimental design developments. The results of the studies conducted and the conclusions drawn on their basis indicate that the current and near future state of fixed assets at the country's industrial enterprises, the degree of their obsolescence, the dynamics of their efficiency of use, and the current and near future modernization, technical renewal and diversification of production at enterprises of the sector, improvement of tax benefits and deductions for the widespread introduction of innovative technologies are the main directions of the times.

The introduction of high innovative technologies in the modernization of industry and technical and technological renewal of production in the country's economy is one of the main factors ensuring the prospects for sustainable development not only of enterprises, but also of the economy of the Republic. If earlier the success and development of industrial enterprises in the economy were largely determined by the level of resource utilization, today these enterprises are in great need of science, new discoveries and high innovative technologies. The success of industrial enterprises is now largely determined by the widespread implementation of scientific and technological progress, scientific research and experimental design developments. At present, overcoming competition in domestic and world markets is inextricably linked to the production of new types of products based on high innovative technologies.

In all countries, the tax system is one of the most necessary tools for influencing economic processes. During periods of economic growth, states introduce tax incentives for sectors that are considered priority for the national economy. In particular, during periods of decline in production, they provide incentives for investors, and reduce the tax burden on the population to support consumer demand. The growth of the incentive role of taxation (as an economic function of taxes) in



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modern conditions allows us to consider it as the main form of state regulation of investment activity.

The mining and metallurgical industry is one of the leading sectors in the economy of Uzbekistan, which forms the country's industrial potential and provides significant income, as well as a rich mineral raw material base. Uzbekistan occupies a leading position among the countries of the world in terms of proven reserves and their growth prospects for gold, uranium, copper, tungsten, potassium salts, phosphorites, kaolin and many other important minerals.

It should be noted that a distinctive feature of taxation in the mining industry of all countries is the stratification of taxation, depending not only on the types of minerals and their specific properties, but also on the characteristics of the developed deposits, in particular, on the depletion of subsoil reserves. This approach to taxation in the mining industry is used to ensure the profitability of projects and create more attractive conditions for investors to invest in this sector.

The results of the study indicate that in international practice, the peculiarity of the mining industry is the different levels of profitability of the extraction of a particular mineral. In this regard, when determining the tax rate for the extraction of minerals, countries take into account the value of the metals and non-metallic minerals they have.

There is fierce competition between mining companies not only for the right to implement projects, but also between countries for the right to attract investors with the largest resources. The choice of a place for the implementation of a project by potential investors directly depends on the tax regime. In this regard, countries are actively using methods of tax incentives for investment flows by providing more attractive tax conditions and benefits. Thus, the use of a flexible tax policy in the mining industry is one of the mandatory conditions for restoring and stimulating the growth of the national economy of countries that are significantly dependent on tax payments by mining companies.

In developed countries, in addition to the fact that the types of taxes and the processes of their calculation and payment to the budget vary, some countries also have one type of tax and mandatory payments. One of these is corporate income tax, the rate of which varies from 0 percent in offshore zones to 85 percent in Saudi



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Arabia and 78 percent in Norway. In these countries, the corporate income tax base is determined as the difference between the income received and the production costs. If part of the profit remaining after paying this tax is distributed as dividends, it is subject to dividend tax, and if it is left in the corporation as a reserve, it is subject to profit redistribution tax. As a result of the analysis, it was found that there are differences between countries in the group of expenses taken into account in calculating this tax base and their standards, as well as in the conditions for recognizing income.

Conclusions and proposals

It would be advisable to develop and implement the “E-imtiyoz” information and analytical system for accounting and administration of tax benefits, including tax benefits granted under the sign of confidentiality, and to reflect its use in electronic invoices, reports and other electronic products and services.

Amendments to Article 83 of the Tax Code of the Republic of Uzbekistan on Tax Reporting.

(part one) A taxpayer who has identified incorrect or incomplete information and (or) errors in a previously submitted tax report that led to a decrease (change) in the amount of tax calculated by him must make the necessary corrections to this tax report and submit a clarified tax report to the tax authority.

After using tax incentives, the tax authorities will accept the adjusted tax reports that will lead to a decrease in the amount of tax calculated on personal income tax and social tax after examining their validity.

Amendments to Article 414 of the Tax Code of the Republic of Uzbekistan, namely, paragraph 4, shall be approved by the resolution of the President of the Republic of Uzbekistan, within the scope of the objects occupied by high-tech production equipment of taxpayers who have introduced high-tech production, the list of which is approved by the resolution of the President of the Republic of Uzbekistan, shall be granted for a period of three years from the date of acceptance of this equipment into operation.



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