



AMENDMENTS AND ADDITIONS TO THE TAX CODE OF THE REPUBLIC OF UZBEKISTAN ON TAX PRIVILEGES IN 2021

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Article history:	Abstract:
Received: 2 nd April 2021 Accepted: 20 th April 2021 Published: 15 th May 2021	Development of clear criteria and mechanisms for ensuring the required level of collection of taxes and other mandatory payments in the Republic of Uzbekistan, the provision of benefits, special attention is paid to evaluating the effectiveness of the benefits and preferences provided. In the Address of the President of the Republic of Uzbekistan Sh.M.Mirziyoev to the Oliy Majlis, "Refusal to provide individual benefits by providing benefits to sectors and industries of the economy, active development of the regions" is one of the important tasks in this regard.

Keywords: Pandemic, budget policy, crisis, budget, tax breaks, tax administration, business entities, tax reporting, tax receipts, tax deductions, taxes, tax rate, preferences.

INTRODUCTION

The emergence of official data on the first outbreak in Uzbekistan on March 15, 2020 will allow the government to take urgent measures to prevent its negative impact on the economy and ensure the uninterrupted operation of sectors and industries of the economy, stimulation of foreign economic activity, support of small business and private entrepreneurship, improvement of conditions created for them, effective social support of the population, the mechanism of effective implementation of tax benefits is important in preventing a sharp decline in incomes.

Relevance of the research topic in world practice, support for the regulation of economic activity through the application of tax benefits, ensuring their effectiveness is widely used. "In the Russian Federation alone, taxpayers will receive tax benefits in 2018 in the amount of 3.095 trillion rubles. This figure is expected to increase to 3.194 trillion rubles in 2019, 3.286 trillion rubles and 3.361 trillion rubles in 2020 and 2021, respectively. It has become necessary for the effectiveness of the use of tax incentives to be based on clear performance, and research shows that "In the UK, 34.8 per cent, in Germany 25.0 per cent and in France 18.7 per cent are recognized as effective, while 30.2, 25.0 and 36.9 per cent, respectively, are ineffective". It is clear that tax incentives are seen as a stimulus in the tax policy of developed and developing countries. In our case, increasing investment in a pandemic environment will help to develop entrepreneurship and ensure the necessary level of collection of taxes and other mandatory payments, special attention is paid to the development of clear criteria and mechanisms for the provision of benefits, the evaluation of the effectiveness of the benefits and preferences provided.

RESEARCH METHODOLOGY

This paper uses comparative analysis as well as induction and deduction estimation methods. Development of proposals and practical recommendations for improving the tax mechanism based on the effective use of tax benefits in Uzbekistan using a comparative method.

ANALYSIS AND DISCUSSION OF RESULTS

As you know, the provision of benefits to businesses is growing rapidly in our country, which requires the proper distribution of the tax burden. Through the introduction of an effective system for monitoring and controlling the effectiveness of tax benefits, a number of regulations on the analysis of the impact of benefits on the financial activities of the taxpayer and the abolition of inefficient and inappropriate tax and customs benefits, including amendments and additions to the relevant articles of the Tax Code. In particular, the Law of the Republic of Uzbekistan №-657 of December 25, 2020 "On the State Budget of the Republic of Uzbekistan for 2021" was adopted. From January 1, 2021, this law abolished the procedure for mandatory annual revaluation of fixed assets for all businesses, and three-year mandatory for micro and small enterprises.

In order to create favorable conditions for business entities to fulfill their tax obligations, in cases established by the State Tax Committee, no penalty will be imposed for delays in the submission of tax returns for a period not exceeding 5 days.

According to Article 75 of the Tax code of the Republic of Uzbekistan the property tax on the parcels occupied by sanatorium-resort objects located in tourist zones, to Councils of people's deputies of the Jogorku Kenesh of the Republic of Karakalpakstan and the right to set reduced rates of land tax or to be exempt from tax.

ACCORDING TO THE VALUE ADDED TAX

3. Changes have been made to the procedure for applying privileges in the provision of services for the carriage of passengers on urban transport and passenger transport by road (except for taxis, including directional taxis).

In other words, the privilege will be applied to the tariffs set by local authorities, as well as to the services provided by urban transport and passenger transport.

EXCISE TAX;

Another major change in the excise tax is that natural wine products sold in the tasting areas organized by producers in tourist destinations are excluded from the taxable object of excise tax.

INCOME TAX;

According to the Decree of the President of the Republic of Uzbekistan № 5978 of April 3, 2020, the taxpayer is entitled to the amount of profit expected in the current quarter until the 10th day of the first month of the next quarter, was given the right to submit a certificate to the tax authorities on the amount of dues.

Now this rule has been included in the Tax Code. *For information: According to Article 340 of the Tax Code, the calculation of the monthly fee is made by the tax authorities.*

ON INCOME TAX FROM INDIVIDUALS;

For taxpayers in fixed amounts, the following was provided: Tax rates were set out in the Code. At the same time, the current tax rates in 2020 were maintained;

Certain norms related to the application of these tax rates provided for in the Law on the State Budget for 2020 have been transferred to the Code;

The source of tax payment from individuals who have an employment relationship with an individual entrepreneur is determined to be calculated and withheld by the tax agent - Individual Entrepreneur when paying income to the taxpayer.

ON SOCIAL TAXES;

Taxation of individuals in the amount of at least 1 basic calculation per year for the calculation of length of service is carried out as follows:

a) in an optional manner:

self-employed individuals;

in trading houses established (opened) in foreign countries by citizens of the Republic of Uzbekistan working abroad on the basis of an employment contract, as well as by state bodies and other organizations of the Republic of Uzbekistan, by citizens of the Republic of Uzbekistan working in representative offices (including without forming a legal entity), organizations;

b) in the obligatory order:

During the period when the students of the "master-apprentice" schools worked until they were twenty-five years old;

farms, as well as individuals engaged in a farm with an area of not less than four hundred square meters, a plot of land or raising cattle or poultry in this area not less than fifty heads (where the head of the farm is obliged to pay the tax, other members and specified individuals pay on a voluntary basis). *For this category of individuals, the tax payment period is set until December 1 of the reporting year (the amount of tax is calculated based on the amount of the base calculation established on the date of payment).*

ON TURNOVER TAX;

The turnover tax rate for real estate service providers has been reduced from 25 percent to 13 percent.

According to Article 465 of the Tax Code of the Republic of Uzbekistan, the income of an individual entrepreneur from the sale of personal (family) property not related to the implementation of entrepreneurship, which is subject to income tax from individuals, is not taxed.

ON PROPERTY TAX;

The reduced tax rate for objects referred to in the fourth part of Article 415 of the Tax Code was increased from 0.2 to 0.4%.

The current tax rates for individuals in 2020 were indexed to 1.15 times.

In this case, the amount of tax assessed for individuals in 2021 may not be increased by more than 30 percent compared to the amount of tax assessed in 2020. Tax exemptions for sanatorium-resort facilities located in tourist zones have been abolished.

At the same time, the Jogorku Kenesh of the Republic of Karakalpakstan and the regional Councils of People's Deputies have been authorized to apply reduced property tax rates or exempt from paying this tax for lands occupied by sanatorium-resort facilities located in tourist zones.

Car housing, which is directly related to apartment buildings, is included in the property tax of individuals, which is taxed at a tax rate of 0.23 percent relative to the tax base.

In practice, this norm has a defining feature due to the registration of cadastral documents with the determination of the cadastral value of car dwellings located in the basement of multi-apartment houses.

It should be noted that currently, garages owned by individuals are subject to land tax and property tax.

In this case, this rule does not apply to: individuals who have decided to beautify the space for their car in the yard of the residence;

to individuals using the vehicle storage service of legal entities (paid parking). In this case, the taxpayer is a legal entity

ON LAND TAX;

1. The procedure for calculating the base rate of land tax for fruit and vegetable agricultural enterprises and dehqan farms based on the correction factors taking into account the quality characteristics (score-quality) of the land plot was abolished.

Taxpayers of this category are transferred to pay the tax based on the normative value of agricultural crops, setting the tax rate as set for agricultural land.

2. The exact amount of the tax rate for non-agricultural land is determined in the following order:

The Jogorku Kenesh of the Republic of Karakalpakstan and the regional Councils of People's Deputies for non-agricultural lands in districts and cities, determines the rates of land tax using the coefficients of reduction and increase of the land tax rate from 0.5 to 2.0 depending on their economic development; District and city Councils of People's Deputies are appointed by the Jogorku Kenesh of the Republic of Karakalpakstan and regional Councils of People's Deputies, In the city of Tashkent, the rates of land tax established by the Tax Code include reduction and increase coefficients for non-agricultural lands, from 0.7 to 3.0 in the areas of their districts, massifs, mahallas, streets.

At the same time, district and city Kengashes of People's Deputies have the right to set a rate of up to 3 times the land tax for individual land plots, as well as for more than 1 hectare of land used by individuals located in tourist zones.

District and city Councils of People's Deputies will submit tax rates for non-agricultural lands for December 31, 2020 to the tax authorities at the location of the land plot for 2021.

At the same time, legal entities submit tax reports for 2021 on non-agricultural land to the tax authorities by January 10, 2021.

3. The reduction coefficient of the tax rate for legal entities was increased from 0.1 to 0.25 in relation to land plots occupied by individual objects, provided for in Article 429 of the Tax Code.

4. Plots of land allocated for storage and disposal of all types of waste were excluded from the object of land tax, which is levied on legal entities.

5. For legal entities, tax exemptions on the part of land occupied by the following have been abolished: sanatorium-resort facilities located in tourist zones; maternity rest and health facilities, rest homes.

At the same time, the Jogorku Kenesh of the Republic of Karakalpakstan and the regional Councils of People's Deputies were authorized to apply reduced rates of land tax or exemption from land tax for lands occupied by certain sanatorium-resort facilities in tourist zones.

6. Until January 1, 2021, taxpayers using only a drip irrigation system could enjoy a tax deduction on land tax.

Lands where other types of water-saving irrigation (sprinkler, discrete and other (including drip)) technologies have been introduced since January 1, 2021 - are exempt from land tax for a period of five years from the beginning of the month in which water-saving irrigation technologies were introduced. This privilege is granted on the basis of the conclusion of the competent authority in the field of water use and water consumption.

If the irrigation technology becomes unusable or dismantled, the tax credit is revoked with the resumption of tax liabilities for the entire tax period.

7. The legislation does not include ineffective use of the list of objects for which impact measures can be envisaged by setting increased tax rates and for which tax benefits are not applied, the list of land plots is being expanded with the introduction of artificial reservoirs for fish breeding.

These land plots are not subject to land tax exemptions.

ON THE TAX FOR THE USE OF WATER RESOURCES;

1. Tax stacks are indexed at 15 percent, and for certain sectors of the economy at 30 percent, as set out in the Tax Code.

2. It was determined that water resources used from the collector and drainage networks are not subject to taxation.

3. The authorized body in the field of water use and water consumption annually: no later than December 10 of the current tax period provides legal entities using water resources in agriculture, including fisheries, the amount of water resources expected to be used by them to determine the tax base; and for farms - to the tax authorities on the place of water use and water consumption - for the reporting period no later than January 20 of the following year.

The tax base for farms is determined by the tax authorities on the basis of information provided by the competent authority in the field of water use and consumption.

Fish farms in artificial water bodies determine the tax base based on the difference between the volume of water taken from natural and artificial water bodies and returned to these water bodies (excluding the amount of water returned to the collector-drainage networks).

In the absence of water resources in agriculture, including fish farming, and in the impossibility of determining the actual volume of water resources used, the tax base is determined in accordance with the norms of water resources consumption approved by the competent authority in the field of water use and water consumption.

Irrigation of agricultural lands and fish farming (cultivation), including the availability of water metering equipment on farms, applied to the volume of water used, determined on the basis of water metering equipment, taking into account a reduction factor of 0.7 to the tax rate.

4. Taxpayers who use water for cooling special equipment (turbines) in the production process determine the tax base based on the difference between the volume of water received from natural water bodies for cooling special equipment (turbines) and returned to natural water bodies.

5. Taxpayers engaged in several types of activities with different objects of taxation and (or) tax rates are required to keep separate accounts for such activities, and the procedure for payment of taxes at the appropriate tax rates has been introduced.

ON THE TAX FOR THE USE OF SUBSOIL

At the rate of 5 per cent for the following minerals under this type of tax, but 1 cu. m, a single tax rate of not less than 7,500 soms is set:

construction sands, sand-gravel mixture;

sandstones, building pebbles (carbonate rocks);

construction small stones (granites, porphyries and shale rocks).

Pursuant to Article 450 of the Tax Code, the following shall not be subject to taxation and shall not be subject to taxation for the use of subsoil.

CONCLUSIONS

1. The level of use of its potential and resources in the development of the industry, including its processing industries, remains low. The tax burden in industry remains high compared to other sectors of the economy, which leads to a decrease in the competitiveness of industrial products sold in the domestic and foreign markets.

2. Reform of inter-budgetary relations aimed at strengthening the powers and mechanisms of budgetary relations between local governments, increase of tax revenues of local governments and it is necessary to improve the mechanisms of distribution of budget revenues between the regions, taking into account the economic and tax potential.

3. Taxes depending on the priorities of socio-economic development of the country, the acceptability of the results of the assessment of their direct and indirect (quantitative or qualitative) impact on the economy, social sphere and improve existing mechanisms for granting tax benefits in the form of reductions and exemptions from customs duties.

4. Introduction of special tax regimes for the development of research and innovation in the country, as well as tax deductions for organizations operating in these sectors and it is necessary to develop a special regime of benefits and taxation for them.

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