

ON THE PROSPECTS OF THE FISCAL SIGNIFICANCE OF THE PROPERTY TAX

Mirzayev Furkat Rakhmatovich

Tashkent Institute of Economics and Pedagogy

fmirzayev4@gmail.com, +998935804722

Abstract: The article examines the need for a new approach to the issues of increasing the importance of property tax in the formation of budget revenues in the context of the modernization of the tax system of New Uzbekistan, its main directions. The problems and specific features of property tax administration in managing the current tax system in New Uzbekistan are highlighted, the prospects for property tax practice in our country are studied, and recommendations are developed.

Keywords: tax, property, property value, property book value, property cadastral value, property tax, property tax from legal entities, property tax from individuals, property tax administration, real estate tax

Аннотация: В статье были исследованы необходимость нового подхода к вопросам повышения роли и значения налога на имущество в формировании доходов бюджета в условиях модернизации налоговой системы Нового Узбекистана, раскрыты перспективы практики имущественного налогообложения в Республике Узбекистан и разработаны рекомендации по их совершенствованию.

Ключевые слова: налог, имущество, стоимость имущества, балансовая стоимость имущества, кадастровая стоимость имущества, налог на имущество, налог на имущество юридических лиц, налог на имущество физических лиц, администрирование налога на имущество, налог на недвижимость.

Introduction

In our country, reforms aimed at increasing the importance of property taxes in the formation of budget revenues focus on "... ensuring stable tax revenues and forming a harmonized tax system that has a positive impact on economic growth by increasing real incomes of the population on the basis of a consistent reduction in the tax burden" [1]. Currently, the increased importance of ensuring fuller and productive employment of the population, guaranteeing a continuous increase in the value of property and assets, distributing the tax burden evenly among social strata of the population, and assessing and optimizing the effectiveness of existing benefits requires improving property tax administration.

The essence of the reforms aimed at increasing the importance of property tax in the formation of budget revenues in Uzbekistan is to encourage the efficient and rational use of property through taxes, fairly distribute the tax burden among taxpayers and, in this regard, "develop practical measures to expand the tax base in each district and city"[2], and scientifically based taxation of property and capital in ownership and use. Currently, the issue of tax factors for the efficient use of property is addressed in the Roadmap for the Implementation of the Development Strategy of New Uzbekistan for 2022–2026 in 2022[3] is defined as an important direction.

In general, increasing the importance of property tax in the formation of budget revenues, increasing interest in the effective management of property in order to improve the procedure for calculating and collecting property tax, increasing the weight of this tax in stabilizing the income of local budgets are problematic issues among our economists-scientists and experts in the field. The research of the problems determines the relevance of the subject of this scientific article.

Analysis of literature on the topic

A. Aliev, H. Aliev, A. Maletsky, R. Margulis, N. Savchenko, T. Totikova, S. Shlyankevich and a number of other researchers from modern Russian economists have dealt with some issues of the practice of increasing the importance of property tax in the formation of budget revenues [4].

O. Abdurakhmanov, E. Gadoev, N. Koziyeva, Sh. Gataullin, O. Olimjonov, T. Malikov, A. Joraev, I. Zavalishina, Sh. Toshmatov, B. Toshmurodova, S. Elmirzaev, N. Ashurova, Q. Yakhyoev, Scientific works of Sh.Kiyosov, M.Usmanova, A.Adizov, A.Agzamov, M.Imamova can also be cited as an example [5].

Increasing the efficiency of local budget revenues can be found in the scientific works of foreign scientists A. Smith, D. Ricardo, U. Petty, D. Wildasin, U. Outs, R. Musgrave, F. Hayek. Conceptual basis of regulation of revenues of local budgets by CIS scientists A. Babich, L. Goncharenko, V. Panskov, V. Pushkareva, I. Mayburov, N.Milyakov, V.Rodionova, M.Romanovskiy, T.Tkacheva, D.Chernik, T.Yutkina in scientific research. Some aspects of the research of increasing the efficiency of local budget revenues are according to local economist-scientists, in particular A. Islamkulov, "local budget revenues are, on the one hand, the result of the distribution of the value of the gross domestic product among the participants of the production process, and on the other hand, it is a value that serves to form a locally significant money fund." [6]. According to A. Khayriddinov, "the stability of local budgets' income bases is called the ability to provide continuous financing of budget activities within the framework of a separate local administrative area, consisting of fixed and regulatory revenues of a certain proportion" [7]. The author analyzed the factors affecting the stability of local budgets, dividing them into direct and indirect groups. According to Sh.Musalimov, "the revenue potential of local budgets in a broad sense is the sum of the available maximum resources of the local budgets of the region" [8]. According to foreign scholars T. Tkacheva, "it will be necessary to form a regional budget map of financial resources attracted for the socio-economic development of the region, based on a comprehensive improvement of the regional budget, and to use new tools to assess the effectiveness of spending budget funds on the socio-economic development of the region" [9]. G According to Morunova, "the main distinguishing feature of modern municipal finances is that they are mainly represented by local budgets, and "municipal finance" should be understood as a set of monetary relations for the formation and expenditure of funds at the disposal of local authorities" [10]. According to D. Nekhaychuk and Yu. Nekhaychuk, "local budget revenues are an important component of the financial basis of the activities of local self-government bodies, redistribution of funds within a certain administrative-territorial unit in favor of certain groups of the population, economic sectors, as a means of regulating their development, social- is the main determining criterion of stability of economic processes and balanced development of society" [11].

The main focus of the above economists is on issues such as formation and stability of local budget revenues, strengthening of their revenue bases, expansion of local budget revenue sources and, on this basis, ensuring the financial independence of local government bodies.

Regulating local budget revenues and ensuring their stability depends on economic and legal factors, and a group of economists consider these factors as factors of increasing the authority and responsibility of local authorities, while a group of scientists consider ways to achieve financial stability by increasing the revenues of local budgets, and another and group economists recognize that it can be achieved by achieving a balance between income and expenditure.

According to H. Qabulov, "timely fulfillment of the requirements of the reforms implemented to ensure the financial stability of the regions is the main condition for the effective activity of local authorities." According to the author, "the existence of a number of problems in the formation of local budgets requires the development of recommendations to increase the financial stability of local budgets, in particular, to strengthen their income base"[12].

According to U. Orovov, it is necessary to "increase the interest of local state authorities in the expansion of the revenue base of local budgets, formation of additional sources of income and determination of reserves"[13].

Analysis and results:

If we analyze the process of formation of local budget revenues across the country's regions and the dynamics of changes in recent years, we can see that these revenues have been changing steadily over the years under analysis (Table 1).

Table 1

Dynamics of changes in local budget revenues

No.	Name of the regions	2018	2019	2020	2021	2022	2023
1	Republic of Karakalpakstan	2241.1	2953.3	2743.9	1869.2	2356.2	2703.3
2	Andijan region	1709.0	2624.6	2105.9	2418.5	3059.4	3802.7
3	Bukhara region	1383.0	2409.5	1782.9	2374.1	2904.0	3817.2
4	Jizzakh region	948.3	1240.9	1058.0	1460.4	1727.2	2184.9
5	Kashkadarya region	2341.1	3783.9	2468.8	2722.1	3483.0	4561.2
6	Navoi region	1217.1	1877.8	1540.9	1948.9	2186.3	2993.6
7	Namangan region	1360.0	2237.8	1763.0	2297.0	2903.2	3713.4
8	Samarkand region	1970.8	2567.2	2385.6	3154.7	3955.5	49588
9	Surkhandarya region	1378.3	1844.9	1605.7	1993.2	2466.9	3042.3
10	Syrdarya region	710.2	816.7	716.5	881.6	1104.5	1406.1
11	Tashkent region	1949.3	3721.5	2395.5	3734.1	4378.9	5866.2

12	Fergana region	1833.2	3836.1	2677.3	3665.1	4242.5	5437.8
13	Khorezm region	1106.3	1467.3	1302.7	1743.1	2220.6	2719.2
14	Tashkent city	2796.4	3752.8	3156.3	4911.4	6044.7	7739.3
	Total	22944.3	35134.2	27702.9	35173.4	43032.9	99575.2

From the data in Table 1, we can see that in the analyzed ears 2018-2023, the revenues of local budgets of the regions had a tendency to increase.

Clause 34, subparagraph d of the Resolution of the President of the Republic of Uzbekistan No. PP-4086 dated December 26, 2018, authorizes the Jokargy Kenes of the Republic of Karakalpakstan, the Kenesha of People's Deputies of the regions and the city of Tashkent to redistribute the surplus revenues formed when planning the budgets of individual districts and cities between budget levels.

In today's practice, revenues from these attached taxes and fees do not provide the opportunity to fully form the income of local budgets. Problems in this regard have also been noted in a number of studies. "Even if local taxes and fees are considered as the first financial source within the local budgets, these taxes and fees cannot be a sufficient financial source for the expenses assigned to local budgets" [12].

Table 2

The share of local taxes in the revenues of the State Budget of the Republic of Uzbekistan in 2018-2023, in percent*

No.	Indicators	2018	2019	2020	2021	2022	2023
1	Without income of state trust funds - total	100	100	100	100	100	100
2	From this:						
3	Local taxes total:	7.2	4.2	3.2	4.0	4.6	4.8
4	Property tax	3.3	2.1	1.5	1.5	1.75	1.8
5	Land tax	1.9	2.1	1.8	2.5	2.85	3.0
6	Gasoline, diesel and gas consumption tax	2.0	-	-	-	-	-

*Compiled on the basis of the reports of the Ministry of Economy and Finance of the Republic of Uzbekistan.

As can be seen from the data in Table 2, revenues from taxes levied on local budgets do not have a significant share in the revenues of local budgets. In our opinion, this is due not only to the failure to fully utilize the opportunities for introducing taxes levied on local budgets, but also to the practice used in regulating the revenues of local budgets. The share of legal entities in

revenues from property and land taxes, which are considered consolidated revenues of local budgets, is high, which in turn means that most of the revenues from these taxes collected in districts and cities are directed to higher budgets, which affects the stability of the revenues of local budgets in districts and cities. Therefore, it is possible to ensure the stability of local budget revenues by directing revenues from property taxes and land taxes levied on legal entities to the local budgets of districts and cities.

The purpose of the new approach to the issues of increasing the importance of property tax in the formation of budget revenues in the context of the modernization of the new Uzbek tax system is to develop mechanisms and measures to regulate the fiscal importance of property tax and their effective use through taxes.

The following tasks to achieve the set goal should be implemented:

- highlighting the importance of taxes collected from the property of legal entities and individuals in the formation of budget revenues;
- theoretical research of the socio-economic nature of taxes collected from the property of legal entities and individuals;
- to study the elements of taxes collected from the property of legal entities and individuals and their development trends;
- researching advanced foreign experiences regarding the practice of taxes on the property of legal entities and individuals and justifying the possibilities of their use based on the conditions of the national economy;
- assessment of the fiscal efficiency of taxes collected from the property of legal entities and individuals;
- analysis of the possibilities of forming the optimal tax burden in the conditions of the established rates for taxes collected from the property of legal entities and individuals;
- a comprehensive assessment of the effectiveness of benefits set for taxes on the property of legal entities and individuals and development of practical recommendations for its optimization;
- development of scientific proposals and practical recommendations for improving tax rates in the context of a new model of the property taxation system for legal entities and individuals.

Conclusions and suggestions

1. In the conditions of the new Uzbekistan, increasing the importance of property tax in the formation of budget revenues is an important task.
2. Issues of increasing the importance of property tax in the formation of budget revenues in the conditions of the new Uzbekistan. A new approach means that for the first time, it is based on a systematic study of issues of increasing the importance of property tax in the formation of budget revenues and the development of its improved mechanism, taking into account the future tasks of the country's socio-economic development, within the framework of the conceptual foundations of state tax policy in New Uzbekistan.

3. It is worth mentioning that, despite the fact that in 2022, efforts to create a real estate cadastre based on joint accounting of property tax and land tax have started in our country, there is still a problem of regulating the cadastral assessment of real estate.

Real estate located in the cadastral register is not subject to taxation, but its value is not inventoried and not subject to taxation, since it is difficult to determine the tax base. This also prevents the introduction of a new mechanism for taxation of private property. These properties include garden houses, detached garages, and houses registered under the dacha amnesty.

4. The analysis of the main features of the property taxation mechanism in the Republic of Uzbekistan and the shortcomings identified in the process of regulating relations between taxpayers and tax authorities, as well as the implementation of the main functions of these taxes, allowed us to formulate proposals that, in our opinion, could increase the effectiveness of the activity:

Firstly, the creation of a cadastral registration system that includes information on all real estate objects and their cadastral value will allow executive authorities of the regions of the Republic of Uzbekistan and local government bodies to objectively justify the revenue part of budgets; taxpayers - to calculate property tax payments due before the tax period; tax authorities - to exercise control over the tax base and significantly reduce tax administration costs.

Secondly, the real estate valuation procedures, in our opinion, require appropriate regulatory and legal support and high professional qualifications of appraisers, which requires the development and adoption of: instructions for conducting cadastral valuation of real estate; instructions for checking the results of cadastral valuation of real estate. When determining tax obligations (the amount of tax benefits and rates), it is important to take into account the level of income of taxpayers, as this optimizes the tax burden for individuals with low incomes.

Thirdly, taking into account the problem of calculating the amount of property tax payments for individuals (taxpayers can independently determine the correct amount and compare it with the value indicated in the notice), it is advisable to establish in the Tax Code of the Republic of Uzbekistan a rule indicating a detailed algorithm with the necessary explanations in tax notices.

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