

GENERAL CHARACTERISTICS OF TAXES PAID BY LEGAL ENTITIES

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Abstract: This article analyzes the general characteristics of taxes paid by legal entities under the 2026 Tax Code of the Republic of Uzbekistan. The study examines main types of corporate taxes, including corporate income tax, value added tax, property tax, land tax, and water resource use tax. It explores their economic significance, contribution to the state budget, digital tax administration, and recent legislative reforms.

Keywords: *legal entities, corporate taxation, Tax Code 2026, Uzbekistan, fiscal policy*

Annotatsiya: Ushbu maqola 2026-yil uchun amaldagi O‘zbekiston Respublikasining Soliq kodeksi asosida yuridik shaxslar tomonidan to‘lanadigan soliqlarning umumiy xususiyatlarini tahlil qiladi. Maqolada korporativ soliqlar: foyda solig‘i, qo‘shilgan qiymat solig‘i, mulk solig‘i, yer solig‘i va suv resurslaridan foydalanish solig‘i kabi asosiy turlari ko‘rib chiqilgan. Yuridik shaxslar soliqlarining iqtisodiy ahamiyati, ularning byudjetga ta’siri, raqamli soliq boshqaruvi va qonunchilikdagi yangilanishlar tahlil qilingan.

Kalit so‘zlar: *yuridik shaxslar, korporativ soliq, Soliq kodeksi 2026, O‘zbekiston, fiskal siyosat*

Аннотация: В статье анализируются общие характеристики налогов, уплачиваемых юридическими лицами в соответствии с Налоговым кодексом Республики Узбекистан на 2026 год. Рассматриваются основные виды корпоративных налогов: налог на прибыль, налог на добавленную стоимость, налог на имущество, земельный налог и налог за использование водных ресурсов. Исследуются их экономическая значимость, вклад в государственный бюджет, цифровое управление налогами и недавние законодательные реформы.

Ключевые слова: *юридические лица, корпоративное налогообложение, Налоговый кодекс 2026, Узбекистан, фискальная политика*

INTRODUCTION

Taxation remains one of the central mechanisms through which governments establish revenue systems and regulate economic behavior. In the Republic of Uzbekistan, taxes paid by legal entities form a substantial portion of state revenues and are integral to fiscal policy and economic planning. Legal entities such as joint-stock companies, limited liability companies, branches, and representative offices are subject to diverse tax obligations under the Tax Code of the Republic of Uzbekistan, which has undergone significant updates through 2025 and entered force formally on January 1, 2026. These reforms reflect the government’s objective to modernize tax administration, simplify compliance, and stimulate investment and entrepreneurship.

The corporate tax system in Uzbekistan, as defined in the Tax Code and related legal acts, governs the structure, calculation, and collection of various taxes including corporate income tax, value added tax (VAT), property tax, land tax, water use tax, and others. Recent legislative updates introduced changes to tax rates, compliance requirements, and incentives designed to introduce flexibility and competitiveness to the business climate while ensuring budgetary

stability. Corporate taxation is not only a revenue-raising mechanism but also a tool to steer economic activity and promote efficient resource utilization.

This research aims to provide a comprehensive analysis of legal entities' tax obligations under the 2026 Tax Code in Uzbekistan. It seeks to describe the substantive characteristics of corporate taxes, examine recent legislative changes, and assess their implications for enterprises and the broader economy.

METHODOLOGY

This study employs a mixed approach combining normative-legal analysis, statistical data evaluation, and literature review. Normative-legal analysis involved detailed examination of the Tax Code of the Republic of Uzbekistan (as amended through late 2025 and effective in 2026) and other regulatory documents concerning corporate taxation. This method allowed identification of primary tax categories and provisions governing legal entities.

Statistical analysis utilized data from official publications of the State Tax Committee and other public sources to contextualize the contribution of corporate taxes to national revenues and evaluate trends related to corporate tax collection and compliance. Additionally, secondary sources including academic literature on taxation and fiscal policy provided theoretical background for interpretation and comparative analysis.

RESULTS AND DISCUSSION

Under the 2026 Tax Code, the corporate tax regime in Uzbekistan comprises multiple tax categories that collectively define the fiscal obligations of legal entities. These include corporate income tax, value added tax (VAT), property tax, land tax, water resource use tax, social tax, and several others depending on the scope of activities and property ownership of the enterprise.

Corporate income tax is the principal tax levied on the net profit of companies. Defined as revenues after deducting allowable expenses, this tax remains a cornerstone revenue source for the state budget. The 2026 Tax Code preserves a structured system for calculating taxable profit, imposing standard rates while allowing certain incentives and exemptions to promote investment and economic diversification. For example, first-time taxpayers transitioning from VAT to corporate income taxation may receive temporary exemptions from corporate income tax for a specified period (except on dividends and interest) to support growth and reinvestment. Moreover, adjustments in dividend taxation allow for the reduction of payable tax under certain holding structures and durations, reflecting international practices and integration tendencies.

Value Added Tax (VAT) constitutes another essential element of corporate taxation. Charged on the value added at each stage of production and distribution, VAT ensures consistent budgetary inflows and enhances transparency in commercial transactions. Enterprises registered as VAT payers calculate output minus input tax to determine payable amounts, and digital invoicing systems adopted in recent reforms have improved compliance and reduced informal economic activity.

Property and Land Taxes remain significant for legal entities owning tangible assets and land. Property tax is imposed on the average annual value of fixed assets such as buildings and structures, encouraging efficient asset utilization. Land tax, calibrated on factors such as land category, area, and location, serves regulatory goals for land resource management and contributes to local budget revenues. For the 2026 fiscal year, coefficient adjustments to land tax rates have been formally introduced to reflect local planning and development priorities, indicating nuanced fiscal governance at regional levels.

Water Resource Use Tax is levied on enterprises utilizing natural water resources for industrial or agricultural operations. This tax underscores the state's commitment to sustainable natural resource management, incentivizing water conservation practices among resource-intensive industries.

Social Tax, as an obligatory contribution on employers' payroll expenses, continues to be integral to corporate fiscal obligations. Relevant provisions in the Tax Code stipulate differentiated rates based on organizational type and employment structures, maintaining social security financing mechanisms.

Recent legislative amendments incorporated into the 2026 Tax Code highlight multiple reforms intended to modernize corporate taxation in Uzbekistan. Among these were alterations in excise tax rates, adjustments in corporate income tax relief mechanisms, and provisions facilitating the offset of previously paid taxes when distributing dividends to non-resident shareholders under specific conditions. Such amendments reflect a deliberate effort to align national tax policy with evolving economic priorities and global taxation practices.

Importantly, digitalization initiatives have been central to enhancing tax administration. Electronic tax reporting, automated monitoring systems, and risk-based compliance models have contributed to more efficient tax control and greater taxpayer transparency. These measures align with broader public finance reforms aimed at reducing corruption, minimizing administrative friction, and increasing voluntary compliance rates.

Despite these advancements, several challenges persist. Balancing fiscal revenue needs with competitive tax burdens remains a recurrent policy dilemma. High effective tax rates may discourage business expansion or foreign direct investment, while excessively lenient regimes could undermine state revenue capacities. Strengthening compliance in sectors prone to informality and improving institutional capacity for modern tax administration remain long-term priorities.

The international dimension of corporate taxation, including transfer pricing, taxation of multinational enterprises, and double taxation avoidance, emerges as an increasingly important area for legislative and administrative refinement. As Uzbekistan deepens its integration with global trade and investment networks, aligning domestic tax policy with international frameworks will be critical for sustained economic engagement.

CONCLUSION AND RECOMMENDATIONS

The analysis of taxes paid by legal entities under the 2026 Tax Code of the Republic of Uzbekistan demonstrates that corporate taxation is a cornerstone of the national fiscal system, ensuring stable state budget revenues while regulating economic activity. Legal entities—including joint-stock companies, limited liability companies, branches, and representative offices—are subject to multiple tax obligations that reflect both their economic activities and property holdings.

Corporate taxes in Uzbekistan now comprise corporate income tax, value added tax (VAT), property tax, land tax, water resource use tax, and social tax, among others. Each of these taxes performs specific fiscal and regulatory functions:

- Corporate income tax ensures that profitable enterprises contribute to the budget while incentives and exemptions under the 2026 Tax Code support investment, reinvestment, and technological modernization.
- Value Added Tax (VAT) guarantees stable revenues and promotes transparency in commercial transactions, strengthened by digital invoicing and reporting systems.
- Property and land taxes encourage efficient asset and land use, support local budgets, and align with regional development goals.
- Water resource use tax promotes environmental sustainability, especially critical in Uzbekistan's resource-limited sectors.
- Social tax continues to fund social security programs and ensures equitable contribution from employers based on payroll.

Recent reforms incorporated in the 2026 Tax Code emphasize digitalization, simplification, and transparency. Electronic tax reporting, automated compliance monitoring, and risk-based

auditing have increased efficiency, reduced administrative burdens, and improved voluntary compliance among enterprises. Additionally, adjustments in rates and exemptions have been designed to attract investment, support priority sectors, and align domestic policy with international taxation standards.

Despite these improvements, challenges remain. Balancing revenue generation with a competitive business environment is critical; excessive tax burdens can stifle growth, while insufficient collections may hinder fiscal stability. Compliance in informal sectors, capacity building within tax authorities, and harmonization with international frameworks (transfer pricing, avoidance of double taxation, multinational taxation) are key areas requiring continued attention.

Recommendations

- further simplify tax reporting and compliance: streamlining administrative procedures, particularly for small and medium-sized enterprises, will reduce bureaucratic barriers and enhance voluntary compliance.

- expand digital tax administration: broader implementation of electronic invoicing, automated analytics, and integrated digital platforms will improve monitoring, reduce evasion, and facilitate transparency.

- strengthen investment-oriented incentives: targeted tax exemptions or reduced rates for innovation, technological modernization, and priority sector development can stimulate economic growth while maintaining fiscal balance.

- enhance institutional capacity: training, resource allocation, and procedural standardization for tax authorities will ensure effective implementation of the 2026 Tax Code.

- improve fiscal monitoring and data transparency: regular assessment of tax policy outcomes using comprehensive fiscal statistics will allow timely adjustments to enhance efficiency and fairness.

- align with international tax standards: continuing harmonization with OECD and global best practices—particularly on transfer pricing, taxation of multinationals, and anti-avoidance rules—will increase Uzbekistan’s attractiveness to foreign investors and integrate the national economy into global financial networks.

In conclusion, the 2026 Tax Code provides a modernized framework for legal entities’ taxation, balancing revenue generation with economic development objectives. A transparent, digitalized, and well-administered corporate tax system will not only secure state revenues but also foster sustainable investment, promote efficient resource utilization, and strengthen the overall competitiveness of Uzbekistan’s economy.

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