

EXCISE TAX AND ITS ROLE IN THE ECONOMY

Turayev Alijon Akmal ugli

Acting associate professor of the department
of “Investment and Innovations”, PhD

alijon.turayev@mail.ru

Djuraboyeva Durdona

Student of Samarkand Institute of Economics and Service

juraboyevadurdona777@gmail.com

Abstract. This article analyzes the economic essence of excise tax in the Republic of Uzbekistan, its types, objects of application, as well as the changes introduced starting from 2026 on a scientific and analytical basis. The study examines the fiscal and social functions of excise tax, its role in forming state budget revenues, and its importance in regulating the consumption of harmful products. In addition, the specific and ad valorem rates of excise tax, their advantages, and application mechanisms are analyzed.

Keywords: excise tax, fiscal policy, indirect tax, specific rate, ad valorem rate, tax rates, tobacco products, alcoholic products, petroleum products, tax reform

Annotatsiya. Ushbu maqolada O‘zbekiston Respublikasida aksiz solig‘ining iqtisodiy mohiyati, turlari, qo‘llanish obyektlari hamda 2026-yildan boshlab joriy etilgan o‘zgarishlar ilmiy-tahliliy asosda yoritilgan. Tadqiqotda aksiz solig‘ining fiskal va ijtimoiy vazifalari, uning davlat byudjeti daromadlarini shakllantirishdagi o‘rni hamda zararli mahsulotlar iste‘molini tartibga solishdagi ahamiyati ko‘rib chiqilgan. Shuningdek, aksiz solig‘ining spetsifik va advalorem stavkalari, ularning afzalliklari va qo‘llanish mexanizmlari tahlil etilgan.

Kalit so‘zlar: aksiz solig‘i, fiskal siyosat, bilvosita soliq, spetsifik stavka, advalorem stavka, soliq stavkalari, tamaki mahsulotlari, alkogol mahsulotlari, neft mahsulotlari, soliq islohoti

INTRODUCTION

In the complex economic conditions of the XXI century, states strive to form their budget revenues from stable and predictable sources. In this regard, the effectiveness of the tax system and its components — including indirect taxes such as excise tax — have become central elements of state economic policy. Excise tax, on the one hand, ensures stable revenues for the state budget, and on the other hand, becomes an effective instrument of tax policy, as it is included in the price of goods and helps regulate the level of consumption. Therefore, excise tax is considered not only a fiscal source but also a strategic instrument for socio-economic objectives — which makes it a central topic of scientific research in the field of taxation.

Excise tax is a mandatory state payment charged in a specified amount on certain goods and services, which is usually included in the formed price and paid by the final consumer. At the same time, as an indirect tax within the taxation system, excise tax generates revenue for

the state budget and is also applied for social and economic purposes — for example, to reduce the consumption of harmful products or to lessen negative environmental impact.

According to the current tax legislation of the Republic of Uzbekistan, excise tax is levied on various goods — including alcoholic products, tobacco products, fuel and energy products, and other selected categories of goods. This type of tax not only serves to generate budget revenues but also fulfills social functions within the economy.

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According to the current tax legislation of the Republic of Uzbekistan, excise tax is levied on various goods — including alcoholic products, tobacco products, fuel and energy products, and other selected categories of goods. This type of tax not only serves to generate budget revenues but also fulfills social functions within the economy — for example, from the perspective of health protection policy regarding harmful products. According to the current tax legislation of the Republic of Uzbekistan, excise tax is levied on various goods — including alcoholic products, tobacco products, fuel and energy products, and other selected categories of goods. This type of tax not only serves to generate budget revenues but also fulfills social functions within the economy — for example, from the perspective of health protection policy regarding harmful products. The types of excise tax and their objects of application occupy an important place in the taxation system, since this tax is applied not to all goods but to groups of products selected by the state. Typically, excise tax is applied to products that are of particular social, public health, or environmental significance. In practice, excise tax is primarily applied to tobacco products, alcoholic beverages, petroleum products and fuels, certain energy resources, and in some countries, luxury goods. The main purpose of this approach is not only to attract additional revenue to the state budget but also to regulate the consumption of certain products. In particular, according to data from the World Health Organization, the introduction of high excise rates on tobacco products is considered one of the most effective economic tools for reducing their consumption. An increase in price directly affects consumer behavior and especially reduces tobacco consumption among youth and low-income groups. As a result, the financial burden on the healthcare system decreases, and in the long term, government expenditures are reduced. Therefore, in many countries, excise tax is regarded as an integral part of public health policy.

Excise tax also differs according to the method of calculation. In economic practice, there are two main types: specific and ad valorem rates. A specific rate is set as a fixed monetary amount relative to the physical volume of the product, for example, a specific sum is charged per 1 liter of alcohol or per 1 pack of cigarettes. This approach stabilizes tax revenues and prevents price manipulation. An ad valorem rate is set as a percentage of the product's value, meaning that the higher the product price, the higher the amount of tax accordingly. This type of rate helps maintain the real value of budget revenues under inflationary conditions.

Table 1

Tax rates on tobacco products are established in the following amounts:

T/r	Types of tobacco products	Tax rates
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1.	Cigarettes with filter, without filter, papirosas, cigarillos (cigars), bidi, kretek	From January 1, 2026: 340 000 so'm/1 000 units From July 1, 2026: 365 000 so'm/1 000 units
2.	Cigar	From January 1, 2026: 20 000 som/1 piece From February 1, 2026: 21 500 som/1 piece
3.	Tobacco for hookah*	From January 1, 2026: 600 000 som/kg From February 1, 2026: 642 000 som/kg
4.	Smoking, roll-your-own tobacco	From January 1, 2026: 600 000 so'm/kg From February 1, 2026: 642 000 so'm/kg
5.	Chewing, snuff, and dissolvable tobacco	382 000 so'm/kg
6.	Heated tobacco stick, heated tobacco capsule, and other products used on a similar principle containing tobacco	From January 1, 2026: 450 000 sum/kg From February 1, 2026: 481 500 sum/kg
7.	Nicotine-containing tobacco-free snus	154 000 sum/kg

8.	Liquid containing nicotine (in cartridges, reservoirs and other containers for use in electronic cigarettes)**	From January 1, 2026:
		2 000 som/ml
		From February 1, 2026:
		2 140 som/ml

Under the established tax rate, tax is also paid when importing a mixture for hookah without tobacco.

When importing liquid containing nicotine (nicotine) for use in consumption systems (electronic and others), the tax is paid based on the volume of liquid containing nicotine;

Table 2

Tax rates on alcoholic products are established in the following amounts:

No.	Types of alcoholic products	Tax rates (per 1 liter)	
		when imported	produced
1.	Rectified ethyl alcohol from food raw materials, technical ethyl alcohol from rectified and ether-aldehyde fraction, as well as grain distillate	15 000 sum	
2.	Initial fraction of ethyl alcohol (except for the initial fraction of ethyl alcohol used for obtaining technical alcohol)	5 000 so'm	
3.	Vodka, cognac and other alcoholic products (per 1 liter of anhydrous ethyl alcohol contained in excisable goods, except for items 4 and 5)	From January 1, 2026:	From January 1, 2026:
		76 000 so'm	44 000 so'm
		From February 1, 2026:	From 1 February 2026:
		60 000 so'm	48 000 som
		From 1 July 2026:	
		48 000 som	
4.	Wine:		

	naturally fermented natural wines (without the addition of ethyl alcohol)	From January 1, 2026: 14 000 so'm	From January 1, 2026: 5 000 so'm
		From February 1, 2026: 12 000 so'm	From February 1, 2026: 7 000 so'm
		from July 1, 2026: 10 000 sum	
	other wines, including vermouth	from January 1, 2026: 20 000 sum	From January 1, 2026: 6 000 soum
		From February 1, 2026: 15 000 soum	From February 1, 2026: 9 000 soum
		From July 1, 2026: 12 000 soum	
5.	Beer	From January 1, 2026: 6 000 soum	From January 1, 2026: 2 000 soum
		From February 1, 2026: 5 000 soum	From 1 February 2026: 3 000 so'm
		From 1 July 2026: 4 000 so'm	

According to the table, excise tax rates on alcoholic products are determined depending on the type of product. For rectified ethyl alcohol and grain distillate, a tax of 15 000 soums per 1 liter is applied. For the initial fraction of ethyl alcohol, a rate of 5 000 soums is established. For vodka, cognac, and other alcoholic products, starting from February 1, 2026, the rate is set at 60 000 soums for imports and 48 000 soums for domestic production. For natural wines, the rate is 12 000 soums for imports and 10 000 soums for domestic production. For other wines, the rate is 15 000 soums, and for beer products, 5 000 soums for imports and 4 000 soums for domestic production.

Table 3

Tax rates on petroleum products and other excisable goods are established in the following amounts:

No.	Product names	Tax rates	
		From January 1, 2026	From April 1, 2026
1.	Petroleum products:		
	AI-80 and higher grade gasoline	375 000 soum/ton	402 000 soum/ton
	AI-91 and higher gasoline	335 000 soum/ton	360 000 soum/ton
	aviation kerosene (excluding synthetic)	300 000 soum/ton	321 000 soum/ton
	diesel fuel (excluding synthetic)	360 000 so‘m/ton	385 000 so‘m/ton
	ECO diesel fuel (excluding synthetic)	325 000 so‘m/ton	348 000 so‘m/ton
	motor oil for diesel or carburetor (injector) engines	510 000 soums/ton	546 000 soums/ton
2.	Polyethylene granules	10%	
3.	Natural gas	12%	
4.	To be sold to the final consumer:		
	AI-80 and higher gasoline	525 som per 1 liter/	562 som per 1 liter/
		700 000 som per 1 ton	750 000 som per 1 ton
	AI-91 and higher gasoline	470 so‘m per 1 liter/	505 so‘m per 1 liter/
		621 000 so‘m per 1 ton	665 000 so‘m per 1 ton
	diesel fuel	525 so‘m per 1 liter/	562 so‘m per 1 liter/
		635 000 so‘m per 1 ton	680 000 so‘m per 1 ton
liquefied gas	1 liter for 525 so‘m/	1 liter for 562 so‘m/	
	1 ton for 1 000 000 so‘m	1 ton for 1 070 000 so‘m	
compressed gas	1 cubic meter for 750 so‘m	1 cubic meter for 805 so‘m	
5.	Beverages packaged in consumer packaging (except for beverages prepared and sold to consumers by public catering establishments and individual entrepreneurs)*:		
	beverages containing sugar (depending on the amount of sugar per 100 ml of product)	500 so‘m per 1 liter	up to 5 grams: 500 so‘m per 1 liter from 5 grams to 10 grams:

			515 so‘m per 1 liter 10 grams and above: 535 sum per 1 liter
	beverages containing other sweetening or flavoring substances	500 sum per 1 liter	
6.	Energy and refreshing beverages	2 000 sum per 1 liter	2 150 sum per 1 liter
7.	Thinly sliced or formed into thin shapes, fried or dried, packaged for retail sale, containing potatoes or additives that provide potato flavor (chips) **		15 000 so‘m per 1 kg of product

According to the table, tax rates on petroleum products and other excisable goods are established starting from January 1 and April 1, 2026. For AI-80 and higher gasoline, the rate from January 1 is 375 000 soums per ton, and from April 1 it is increased to 402 000 soums per ton. For AI-91 and higher gasoline, the rate is increased respectively from 335 000 soums to 360 000 soums per ton. For diesel fuel, the rate is set at 360 000 soums per ton, and subsequently at 385 000 soums per ton. For polyethylene granules, a 10 percent tax rate applies, and for natural gas, a 12 percent rate applies. For energy drinks, the rate is 2 000 soums per 1 liter, and from April 1 it is set at 2 150 soums; for chips products, a tax of 15 000 soums per 1 kg is applied.

Starting from 2026, several changes have been introduced regarding the application of excise tax. In particular, the excise tax on sugar imports has been abolished; previously it amounted to 20%. An excise tax has also been introduced for chips. Starting from April 1, 2026, an excise tax of 15 000 soums per 1 kg of chips will be introduced. Chips are defined as “ready-to-eat products, thinly sliced or shaped into thin forms, fried or dried, packaged in consumer containers, containing potatoes or flavoring additives.” The “chips excise” is paid by manufacturing and importing legal entities.

Tax rates have been changed:

Tax rates for tobacco products will be indexed (increased) on average by 7%.

Regarding alcoholic products:

- the rate for the initial fraction of ethyl alcohol (except that used for the production of technical alcohol) has been reduced from 15 000 soums to 5 000 soums per 1 liter;
- Rates for locally produced and imported alcoholic products (vodka, cognac, wine, beer and others) have been equalized.

Starting from April 1, 2026, tax rates on petroleum products will be increased by 7 percent.

CONCLUSION



As can be seen from the above analysis, excise tax serves as an important fiscal and regulatory instrument in the tax system of the Republic of Uzbekistan. As a type of indirect tax, it not only generates stable revenues for the state budget but also has a significant impact on socio-economic processes. In particular, through excise rates applied to tobacco, alcohol, and fuel products, the state implements strategic objectives such as public health protection, environmental sustainability, and regulation of consumer behavior.

The changes introduced starting from 2026 indicate that excise policy is entering a stage of improvement. In particular, the indexation of rates on tobacco products, the equalization of rates between locally produced and imported alcoholic goods, as well as the gradual increase of the tax burden on petroleum products serve not only to ensure fiscal stability but also to balance the domestic market. At the same time, the introduction of excise tax on chips and certain sweet beverages can be regarded as a modern approach aimed at supporting healthy nutrition policy.

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