

EXCISE TAX AND ITS ROLE IN THE TAX SYSTEM

Turayev Alijon Akmal ugli

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

alijon.turayev@mail.ru

Qorjovov Elshod Karim ugli,

Student of Samarkand institute of economics and service

qorjovovelshod@gmail.com

Annotation. This article analyzes the economic essence of excise taxation and its role within the tax system of Uzbekistan. The study examines the legal framework of excise taxation based on the Tax Code of the Republic of Uzbekistan, as well as statistical data and scientific literature. The research evaluates the fiscal and regulatory functions of excise taxes and highlights their importance in ensuring stable budget revenues and regulating the consumption of socially sensitive goods. The results show that excise taxation plays a significant role in the national tax system and contributes to both economic and social policy objectives.

Keywords: excise tax, tax system, fiscal policy, indirect taxation, tax regulation, Uzbekistan.

Annotatsiya. Mazkur maqolada aksiz solig'ining iqtisodiy mohiyati va uning O'zbekiston soliq tizimidagi o'rni tahlil qilinadi. Tadqiqotda O'zbekiston Respublikasi Soliq kodeksi, amaldagi qonunchilik hujjatlari, statistik ma'lumotlar hamda ilmiy adabiyotlar asosida aksiz solig'ining huquqiy va iqtisodiy mexanizmlari o'rganilgan. Shuningdek, aksiz solig'ining fiskal va tartibga soluvchi funksiyalari baholanib, uning davlat budjeti daromadlarini shakllantirish va ijtimoiy ahamiyatga ega tovarlar iste'molini tartibga solishdagi roli yoritib berilgan. Tadqiqot natijalari aksiz solig'i milliy soliq tizimining muhim tarkibiy qismi ekanligini ko'rsatadi.

Kalit so'zlar: aksiz solig'i, soliq tizimi, fiskal siyosat, bilvosita soliqlar, soliq tartibga solish, O'zbekiston.

Аннотация. В статье анализируется экономическая сущность акцизного налога и его роль в налоговой системе Республики Узбекистан. Исследование основано на положениях Налогового кодекса, действующих нормативно-правовых актах, статистических данных и научной литературе. Рассматриваются фискальные и регулирующие функции акцизного налога, а также его значение в формировании доходов государственного бюджета и регулировании потребления социально значимых товаров. Результаты исследования показывают, что акцизное налогообложение занимает важное место в национальной налоговой системе.

Ключевые слова: акцизный налог, налоговая система, фискальная политика, косвенные налоги, налоговое регулирование, Узбекистан.

INTRODUCTION

Excise taxation represents one of the important fiscal instruments used by governments to regulate the production and consumption of specific goods while simultaneously generating public revenues. Unlike general consumption taxes such as value-added tax, excise taxes are usually imposed on a limited group of goods that are considered socially sensitive or economically strategic, including alcohol, tobacco products, fuel, and certain luxury or environmentally harmful commodities. These taxes perform not only fiscal functions but also regulatory and social roles by influencing consumer behavior and reducing negative externalities associated with harmful products. In modern tax systems, excise taxes occupy a special position because they combine revenue-generating capacity with economic policy objectives. Governments widely use excise taxation to discourage the consumption of harmful goods,

control market structures, stabilize prices of energy resources, and ensure a fair distribution of tax burdens. As a result, excise taxation has become an integral component of indirect taxation systems in many countries.

In the Republic of Uzbekistan, excise tax is regulated by the Tax Code and related legislative acts governing fiscal policy. The reforms implemented in recent years have aimed to modernize the tax system, align it with international standards, and increase the efficiency of revenue collection. Excise taxation has undergone several structural changes, including adjustments in tax rates, revisions in the list of excisable goods, and improvements in tax administration mechanisms. The importance of excise tax within the Uzbek tax system has increased due to ongoing fiscal reforms and the need to ensure stable budget revenues while promoting healthier consumption patterns. In 2024, excise tax revenues amounted to approximately 17.8 trillion soums, representing a significant share of indirect tax revenues and demonstrating steady growth compared with previous years. Similarly, during the first half of 2025, excise tax revenues reached 9.3 trillion soums, showing a growth of more than 15% compared with the same period of the previous year.

The purpose of this research is to analyze the economic essence of excise tax, examine its structure and mechanism within the tax system of Uzbekistan, and evaluate its fiscal and regulatory role based on the current Tax Code, statistical data, and scientific literature.

LITERATURE REVIEW

Excise taxation has been widely examined in economic and fiscal literature due to its dual role as a revenue-generating instrument and a regulatory policy tool. Many scholars emphasize that excise taxes differ from other indirect taxes because they target specific goods that are associated with negative social or environmental externalities. In classical public finance theory, economists such as Arthur Cecil Pigou explained that taxes imposed on harmful goods can serve as corrective instruments designed to internalize external costs created by consumption. According to Pigou's theory, excise taxes on goods such as tobacco, alcohol, and fuel allow governments to compensate for the social costs associated with their production and consumption.

Modern research in public finance also supports this approach. Scholars including Joseph E. Stiglitz and Anthony B. Atkinson highlight that selective consumption taxes are important tools for both fiscal policy and public health regulation. Their studies demonstrate that excise taxes can reduce the consumption of harmful goods while maintaining stable government revenues due to relatively inelastic demand. Within transition and developing economies, excise taxation has become an essential component of tax system reforms. Research conducted by international institutions such as the International Monetary Fund and the World Bank emphasizes that excise taxes are relatively easy to administer and can generate predictable budget revenues. These institutions also recommend that governments design excise tax policies that balance fiscal efficiency with public health objectives.

In the context of Uzbekistan, several local economists have studied indirect taxation and fiscal reforms. Their research highlights that modernization of the tax system after 2017 significantly improved tax administration, transparency, and revenue collection. The adoption of the new Tax Code strengthened the legal framework governing excise taxation and aligned national tax policy with international best practices. Recent analytical studies show that excise taxation in Uzbekistan plays an important role in regulating the consumption of tobacco, alcohol, and petroleum products while contributing to budget revenues. The government has also begun introducing new excise mechanisms, such as differentiated taxes on sugary beverages, which reflects the growing importance of health-oriented fiscal policies.

Overall, the literature demonstrates that excise taxation is an effective economic policy instrument when it is supported by clear legislation, efficient tax administration, and balanced tax rates.

METHODOLOGY

The research employs several scientific methods commonly used in economic and fiscal studies. A systematic approach is applied to examine the institutional and economic characteristics of excise taxation within the broader tax system. Comparative analysis is used to evaluate changes in excise tax regulation and policy reforms implemented in Uzbekistan in recent years.

Normative-legal analysis forms an important methodological basis of the study. Relevant provisions of the Tax Code of the Republic of Uzbekistan and other legislative acts regulating excise taxation are analyzed in order to understand the legal framework governing the taxation of excisable goods and services.

Statistical analysis is also used to assess the fiscal importance of excise taxes. Data published by the State Tax Committee and other official sources are examined to evaluate the dynamics of excise tax revenues and their contribution to the state budget. In addition, analytical findings from contemporary academic literature on indirect taxation and fiscal policy are used to provide theoretical justification for the conclusions.

Through the integration of these methods, the research aims to provide a comprehensive and scientifically grounded assessment of excise taxation in Uzbekistan.

RESULTS

The analysis shows that excise tax in Uzbekistan is applied to specific categories of goods and services that are considered socially sensitive or strategically important for the national economy. According to the Tax Code, excise taxpayers include entities engaged in the production or import of excisable goods, as well as those selling certain energy resources or providing specific services subject to excise taxation. The list of excisable goods in Uzbekistan includes several major groups. Among them are tobacco products, alcoholic beverages, petroleum products, natural gas supplied to consumers, certain sugary beverages, and other goods associated with environmental or public health concerns. These goods are typically subject to excise taxes because their consumption generates negative social or environmental effects or because they have relatively inelastic demand.

Excise tax rates in Uzbekistan are determined using two main methods. In some cases, the tax is calculated based on the quantity of goods produced or sold, which represents a specific tax rate per unit. In other cases, the tax is calculated as a percentage of the product's value, known as an ad valorem rate. Certain goods are subject to a combined taxation mechanism that incorporates both methods. Recent tax reforms have significantly influenced the structure of excise taxation. For example, excise rates for petroleum products have been periodically adjusted to reflect fiscal policy priorities and market conditions. From April 2026, excise taxes on petroleum products and some beverages were increased as part of the national tax and budget policy.

In addition, progressive excise taxation has been introduced for sugar-sweetened beverages based on sugar content, which demonstrates the growing role of excise taxes in public health policy.

Excise tax rates on tobacco and alcohol products have also been revised in recent years. For example, tax rates on cigarettes have been unified for imported and domestically produced goods in order to ensure fair competition and simplify tax administration. The fiscal significance of excise taxes is reflected in their contribution to the state budget. Although excise taxes do not represent the largest source of tax revenue compared with value-added tax or corporate income

tax, they remain an important and stable component of the national tax system. Their revenue potential is strengthened by the relatively stable demand for excisable goods.

DISCUSSION

The findings indicate that excise taxation in Uzbekistan performs several important functions within the tax system. The first and most obvious function is fiscal. Excise taxes generate a stable source of budget revenue because the demand for excisable goods is relatively inelastic. Consumers tend to continue purchasing such goods even when prices increase due to higher tax rates. Another significant function of excise taxation is regulatory. By increasing the cost of certain goods, the government can influence consumer behavior and reduce the consumption of products that may cause social or health problems. This approach is widely used in the taxation of tobacco products, alcoholic beverages, and sugar-sweetened drinks.

Excise taxation also performs an environmental and energy policy function. The taxation of petroleum products and fuels allows governments to regulate energy consumption and generate financial resources for infrastructure and environmental protection initiatives. From an economic perspective, excise taxes also contribute to correcting market failures associated with negative externalities. For example, the consumption of tobacco and alcohol creates public health costs that are often borne by society as a whole. Excise taxation partially compensates for these costs by transferring part of the financial burden to consumers of such products. However, the effectiveness of excise taxation depends on the design of tax rates and the efficiency of tax administration. Excessively high excise rates may encourage illegal trade or smuggling, while insufficient rates may fail to achieve regulatory objectives. Therefore, governments must carefully balance fiscal needs with economic and social considerations.

In Uzbekistan, recent reforms have focused on improving the efficiency of excise tax administration, expanding digital tax monitoring systems, and aligning tax policy with international standards. These measures aim to enhance the transparency and effectiveness of the tax system while supporting sustainable economic development.

CONCLUSION

Excise taxation occupies a significant place in the modern tax system of Uzbekistan. It serves not only as a source of state budget revenues but also as an effective tool for regulating the production and consumption of certain goods with social, environmental, or economic implications. The analysis shows that the structure of excise taxation in Uzbekistan is based on internationally recognized principles and is gradually evolving through ongoing fiscal reforms. Adjustments in tax rates, revisions in the list of excisable goods, and improvements in tax administration mechanisms demonstrate the government's commitment to strengthening the effectiveness of this tax instrument.

Excise taxes contribute to stabilizing public finances while simultaneously addressing social and environmental policy objectives. Nevertheless, maintaining the effectiveness of excise taxation requires continuous monitoring of market conditions, consumer behavior, and international fiscal practices. Future reforms in this area should focus on improving tax administration, preventing illegal trade in excisable goods, and ensuring that excise taxation remains aligned with broader economic development goals. Through such measures, excise taxation can continue to play an important role in supporting fiscal stability and promoting responsible consumption in Uzbekistan.

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