

PECULIARITIES, SIMILARITIES AND DIFFERENCES IN THE TAXATION OF
LEGAL ENTITIES AND INDIVIDUALS

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Abstract. The taxation of legal entities and individuals represents one of the most important components of the fiscal system of any country. In Uzbekistan, tax policy reforms in recent years have significantly influenced the mechanisms of corporate and personal taxation. This study examines the peculiarities, similarities, and differences in the taxation of legal entities and individuals within the framework of the national tax system. The research is based on the analysis of the current Tax Code of the Republic of Uzbekistan, scientific literature, and official statistical data. Comparative and institutional methods were used to identify the main characteristics of both taxation systems.

Keywords: taxation system, legal entities, individuals, tax policy, corporate taxation, personal income tax, Uzbekistan.

Annotatsiya. Yuridik va jismoniy shaxslarni soliqqa tortish har qanday davlat fiskal tizimining muhim tarkibiy qismi hisoblanadi. O‘zbekistonda so‘nggi yillarda amalga oshirilayotgan soliq islohotlari korporativ va jismoniy shaxslar soliqqa tortish mexanizmlariga sezilarli ta‘sir ko‘rsatdi. Mazkur tadqiqotda mamlakat soliq tizimi doirasida yuridik va jismoniy shaxslarni soliqqa tortishning o‘ziga xos jihatlari, o‘xshashliklari hamda farqlari tahlil qilinadi. Tadqiqot O‘zbekiston Respublikasi Soliq kodeksi, ilmiy adabiyotlar va rasmiy statistik ma‘lumotlar asosida olib borildi.

Kalit so‘zlar: soliq tizimi, yuridik shaxslar, jismoniy shaxslar, soliq siyosati, foyda solig‘i, daromad solig‘i, O‘zbekiston.

Аннотация. Налогообложение юридических и физических лиц является важной частью фискальной системы любого государства. В последние годы налоговые реформы в Узбекистане оказали значительное влияние на механизмы корпоративного и личного налогообложения. В данном исследовании анализируются особенности, сходства и различия налогообложения юридических и физических лиц в рамках национальной налоговой системы. Исследование основано на анализе действующего Налогового кодекса Республики Узбекистан, научной литературы и официальных статистических данных.

Ключевые слова: налоговая система, юридические лица, физические лица, налоговая политика, налог на прибыль, подоходный налог, Узбекистан.

INTRODUCTION

Taxation plays a central role in the formation of state revenues and the regulation of economic processes in modern market economies. In any national tax system, the taxation of legal entities and individuals represents two fundamental components that ensure the sustainability of the fiscal system and the equitable distribution of the tax burden. The tax system of the Republic of Uzbekistan is based on the principles of universality, equality, fairness, and economic efficiency and is regulated primarily by the Tax Code of the Republic of Uzbekistan. In recent years, Uzbekistan has been implementing comprehensive tax reforms aimed at simplifying tax administration, expanding the tax base, and improving the investment climate. These reforms have significantly influenced both corporate and personal taxation mechanisms.

The taxation of legal entities and individuals has several common features, such as compliance with general tax principles and participation in the national tax system, while at the same time demonstrating significant differences in tax objects, rates, reporting procedures, and regulatory mechanisms.

The corporate sector plays an important role in generating tax revenues through taxes such as corporate income tax, value added tax, property tax, and social tax. At the same time, individuals contribute to the state budget through personal income tax, property tax, land tax, and other mandatory payments. The distinction between these taxpayers is primarily determined by their legal status, economic activity, and income generation mechanisms. Understanding the similarities and differences in the taxation of legal entities and individuals is essential for improving tax policy, ensuring fairness in the distribution of the tax burden, and increasing the effectiveness of fiscal regulation. Therefore, the purpose of this study is to analyze the peculiarities, similarities, and differences in the taxation of legal entities and individuals within the tax system of Uzbekistan.

LITERATURE REVIEW

The issue of taxation of legal entities and individuals has been widely studied in economic and fiscal literature. Researchers emphasize that an effective tax system must balance fiscal efficiency, economic growth, and social justice. Theoretical foundations of taxation were developed by classical economists who considered taxes as an essential instrument of public finance and economic regulation. In the works of modern economists, corporate taxation is usually analyzed in the context of investment incentives, capital mobility, and business development. Scholars note that corporate income tax plays an important role in regulating entrepreneurial activity and ensuring state budget revenues. At the same time, excessive corporate tax burdens may negatively affect investment flows and economic competitiveness. Personal taxation, on the other hand, is primarily associated with income redistribution and social equity. Researchers emphasize that personal income tax systems are often designed to balance fairness and efficiency while minimizing administrative complexity. Many countries have adopted simplified personal income taxation mechanisms in order to reduce compliance costs and improve tax collection efficiency.

In recent years, the taxation systems of transition economies have received particular attention in academic research. Studies focusing on the fiscal reforms of post-Soviet countries highlight the importance of simplifying tax systems, expanding the tax base, and strengthening tax administration. Uzbekistan has also undergone significant tax reforms aimed at improving the investment climate and enhancing the transparency of tax regulation. National researchers have analyzed the evolution of the tax system in Uzbekistan, emphasizing the modernization of tax legislation and the digitalization of tax administration. According to these studies, reforms implemented in recent years have contributed to reducing the shadow economy and improving voluntary tax compliance.

The literature also highlights the importance of comparative analysis between corporate and personal taxation systems. Such analysis helps to identify institutional differences in tax bases, tax rates, and administrative procedures, as well as the economic roles played by different categories of taxpayers. Thus, previous research demonstrates that while corporate and personal taxation systems share common institutional principles, they differ significantly in their economic functions and regulatory mechanisms. These findings provide a theoretical and methodological foundation for analyzing the peculiarities, similarities, and differences in the taxation of legal entities and individuals in Uzbekistan.

METHODOLOGY

The research is based on a comprehensive methodological approach combining comparative analysis, institutional analysis, and legal interpretation. The study relies on the provisions of the

current Tax Code of the Republic of Uzbekistan, official statistical data, and scientific literature devoted to fiscal policy and taxation theory.

Comparative analysis was used to identify similarities and differences between corporate and personal taxation systems. This method made it possible to examine the legal status of taxpayers, the structure of tax obligations, and the procedures for calculating and paying taxes.

Institutional analysis was applied to evaluate the role of taxation mechanisms in regulating economic relations between the state, business entities, and individuals. This approach allows the assessment of taxation as a financial instrument influencing economic development and social stability.

In addition, normative-legal analysis was used to examine the provisions of tax legislation regulating the taxation of legal entities and individuals. The analysis of legislative acts made it possible to determine the specific features of tax regulation and the institutional framework of the tax system.

Statistical data and analytical reports were also considered in order to evaluate the practical implementation of taxation mechanisms in Uzbekistan. These data provide insight into the structure of tax revenues and the role of different categories of taxpayers in forming the state budget.

RESULTS

The results of the study demonstrate that the taxation of legal entities and individuals in Uzbekistan has both common institutional characteristics and significant structural differences. These similarities and differences are primarily determined by the legal status of taxpayers, the nature of their economic activities, and the structure of their taxable income. One of the most important similarities lies in the fact that both legal entities and individuals are considered taxpayers under the Tax Code and are required to comply with general tax principles such as legality, equality, transparency, and inevitability of tax obligations. Both categories of taxpayers must register with tax authorities, maintain records of taxable objects, and submit tax reports in accordance with established procedures. The tax system also applies similar administrative mechanisms for tax control, including tax audits, reporting requirements, and liability for violations of tax legislation.

Another similarity is related to the structure of certain taxes that apply to both categories of taxpayers. For example, property tax and land tax are levied on both legal entities and individuals depending on ownership or use of property and land resources. These taxes are based on the value of property or land and serve as an important source of local budget revenues. At the same time, significant differences exist in the taxation mechanisms applied to legal entities and individuals. Legal entities are mainly taxed on their business activities and corporate income, while individuals are taxed primarily on personal income derived from employment, property, or other sources. Corporate taxation in Uzbekistan includes several major taxes such as corporate income tax, value added tax, social tax, and excise taxes depending on the type of activity. Corporate income tax is generally applied at a rate of about 15 % and is calculated on the basis of profit, which represents the difference between total income and allowable expenses.

Legal entities are also subject to value added tax, which is imposed on the sale of goods, works, and services and typically applies at a standard rate of approximately 12 %. This tax is paid by enterprises whose annual turnover exceeds the statutory threshold, and exports are generally taxed at a zero rate. In addition, employers are required to pay social tax based on payroll expenses, which constitutes another significant element of corporate tax obligations. The social tax rate for most business entities is around 12 % of the total wage fund. In contrast, individuals are primarily subject to personal income tax. In Uzbekistan the personal income tax system is based on a relatively simple flat rate structure. Employment income, rental income, and most other forms of personal income are generally taxed at a rate of 12 %.

Certain types of income received by individuals are subject to specific tax rates. For example, dividend income of residents may be taxed at a lower rate, while income derived from the sale of property is also subject to taxation depending on the type of asset and the duration of ownership. Another important difference lies in tax administration and reporting procedures. Legal entities are required to maintain comprehensive accounting systems and submit periodic financial and tax reports, including profit tax declarations, VAT reports, and payroll information. Corporate taxpayers are also subject to transfer pricing rules, consolidated tax reporting possibilities, and other complex regulatory requirements. Individuals, on the other hand, generally face simplified tax obligations. In many cases personal income tax is withheld at source by employers, which reduces the administrative burden on individual taxpayers. Only individuals receiving additional income such as rental income, dividends, or entrepreneurial income are required to submit tax declarations independently.

Furthermore, the taxation of business income earned by individuals operating as individual entrepreneurs represents a hybrid model that combines elements of both corporate and personal taxation. Depending on turnover levels, such individuals may be subject to simplified turnover tax regimes or general taxation similar to that applied to legal entities.

DISCUSSION

The analysis indicates that the differences between corporate and personal taxation systems reflect the economic roles played by legal entities and individuals in the national economy. Legal entities are major producers of goods and services, employers of labor, and key contributors to economic growth. Consequently, their taxation framework is designed to regulate business activity, ensure fiscal revenues, and promote economic development. At the same time, individuals represent the main participants in the labor market and consumers within the economy. Personal income taxation therefore focuses on redistributing income, ensuring social equity, and generating stable fiscal revenues without imposing excessive administrative burdens on citizens.

The similarities between the taxation of legal entities and individuals demonstrate the unified nature of the tax system and the consistent application of tax principles. Both categories of taxpayers contribute to the financing of public expenditures and are subject to tax administration procedures implemented by the state. However, the structural differences in tax rates, tax bases, and reporting obligations reflect the necessity of adapting taxation mechanisms to the specific characteristics of different economic actors. Corporate taxation requires more complex regulation because of the diversity of business operations, financial transactions, and accounting practices. Recent tax reforms in Uzbekistan have been aimed at improving the balance between these two components of the tax system. Measures such as digitalization of tax administration, simplification of tax regimes for small businesses, and expansion of electronic reporting systems have significantly improved tax compliance and transparency.

These reforms also contribute to reducing the shadow economy, encouraging voluntary tax compliance, and strengthening the fiscal capacity of the state. As a result, the taxation system is gradually becoming more efficient, transparent, and consistent with international standards.

CONCLUSION

The taxation of legal entities and individuals constitutes an essential component of the fiscal system of Uzbekistan and plays a crucial role in ensuring the financial stability of the state. The analysis demonstrates that although both categories of taxpayers operate within a unified legal framework and follow common taxation principles, they differ significantly in terms of tax objects, rates, administrative procedures, and economic functions. Legal entities are primarily taxed on business profits, turnover, and payroll expenses, reflecting their role as producers and employers in the national economy. Individuals, in contrast, are mainly taxed on personal income and property, which corresponds to their role as participants in the labor market and consumers.

Despite these differences, both systems are interconnected and complement each other in forming public revenues and supporting economic development. The ongoing reforms of the tax system in Uzbekistan aim to strengthen this balance by simplifying tax procedures, improving transparency, and creating favorable conditions for economic growth. Further improvement of the taxation system requires continued modernization of tax administration, expansion of digital technologies, and the development of policies that ensure fairness and efficiency in the distribution of the tax burden between different categories of taxpayers.

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