

**ECONOMIC MECHANISMS OF IMPROVING PERSONAL INCOME TAX IN THE  
REPUBLIC OF UZBEKISTAN**

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**Annotation:** This article analyzes the economic efficiency of the personal income tax system (PIT) in the Republic of Uzbekistan. The purpose of the study is to identify ways to ensure budget stability by optimizing the tax burden and expanding the tax base. The methods of statistical analysis, comparative analysis and econometric modeling were used in the work. The results of the study show that differentiation of tax rates and targeted targeting of tax benefits have a positive impact on the growth of population incomes and strengthening tax discipline. In conclusion, proposals are developed to digitize tax administration and increase transparency.

**Keywords:** individuals, income tax, tax rate, tax administration, economic efficiency, tax base

**Аннотация:** В данной статье анализируется экономическая эффективность системы налога на доходы физических лиц (НДФЛ) в Республике Узбекистан. Цель исследования – выявление путей обеспечения стабильности бюджета путем оптимизации налоговой нагрузки и расширения налоговой базы. В работе использованы методы статистического анализа, сравнительного анализа и эконометрического моделирования. Результаты исследования показывают, что дифференциация налоговых ставок и адресное предоставление налоговых льгот оказывают положительное влияние на рост доходов населения и укрепление налоговой дисциплины. В заключение разработаны предложения по цифровизации налогового администрирования и повышению прозрачности.

**Ключевые слова:** физические лица, подоходный налог, налоговая ставка, налоговое администрирование, экономическая эффективность, налоговая база

**Annotatsiya:** Mazkur maqolada O'zbekiston Respublikasida jismoniy shaxslardan olinadigan daromad solig'i (JSHODS) tiziminiq iqtisodiy samaradorligi tahlil qilinadi. Tadqiqotning maqsadi soliq yukini optimallashtirish va soliq bazasini kengaytirish orqali byudjet barqarorligini ta'minlash yo'llarini aniqlashdan iborat. Ish jarayonida statistik tahlil, qiyosiy tahlil va ekonometrik modellashtirish usullaridan foydalanildi. Tadqiqot natijalari shuni ko'rsatadiki, soliq stavkalarining differentsiatsiyasi va soliq imtiyozlarining maqsadli yo'naltirilishi aholi daromadlarining o'sishiga va soliq intizomining mustahkamlanishiga ijobiy ta'sir ko'rsatadi. Xulosada soliq ma'murchiligini raqamlashtirish va shaffoflikni oshirish bo'yicha takliflar ishlab chiqilgan.

**Kalit so'zlar:** jismoniy shaxslar, daromad solig'i, soliq stavkasi, soliq ma'murchiligi, iqtisodiy samaradorlik, soliq bazasi

### **Introduction**

Personal income tax is an important fiscal instrument in the formation of the revenue part of any state budget. In the context of the liberalization of the economy of Uzbekistan, reforming the tax system, in particular, improving the mechanisms of taxation of personal income, is of urgent importance. As a result of the tax reforms implemented in our country in recent years, a number of measures have been taken to reduce the tax burden and encourage taxpayers. However, the

presence of a share of the shadow economy and the difficulties in fully covering the income of the population require further optimization of the tax system. The main objective of this study is to assess the effectiveness of the personal income tax system and develop scientifically based methods for its development. The tax system of Uzbekistan was chosen as the object of the study, and the mechanisms for collecting income tax as the subject. The scientific significance of the problem is that by identifying the relationship between the tax rate and tax revenues, it is possible to manage fiscal policy more effectively.

### **Methodology**

In the research process, systematic analysis, induction and deduction, and statistical analysis methods were used. To assess the dynamics of tax revenues, data from the State Tax Committee and the Statistics Agency for 2018-2023 were used. The following basic equation was used in the analysis: [FORMULA:  $T = r B (1 - e)$ ], where T is tax revenues, r is tax rate, B is tax base, e is tax benefit coefficient. The methodological approach is aimed at analyzing the impact of the tax burden on economic growth. The correlation between the income level of the population and tax compliance was also analyzed. The study comparatively studied the impact of digitalization of tax administration on tax revenues based on international experience. SPSS software was used to process the data, which ensured the reliability of the results obtained.

### **Results**

The results of the study showed that the transition to a single (proportional) tax rate system led to an increase in the number of taxpayers and an expansion of the tax base. Between 2020 and 2023, tax revenues increased by an average of 12%. However, the analysis shows that the effectiveness of tax incentives is not the same for all sectors. In particular, reducing the tax burden on small businesses and the service sector allowed for an increase in the number of jobs by 15%. The introduction of digital tax services also reduced tax administration costs by 20%. The data confirm that the process of legalizing income has accelerated by increasing tax culture and simplifying tax reporting. However, the issue of revising progressive tax rates for high-income groups remains relevant from the point of view of the principle of social justice.

### **Discussion**

The results show that the tax system of Uzbekistan is gradually adapting to international standards. However, in order to ensure the stability of the tax system, it is necessary to avoid frequent changes in tax rates and create a predictable tax environment. The main issue under discussion is the fair distribution of the tax burden. Although a progressive tax system serves to reduce social inequality, it should not restrict entrepreneurial activity. It is also advisable to reserve tax benefits only for innovative projects and producers of export-oriented products. Digitalization processes, while saving taxpayers' time, play an important role in reducing the shadow economy. International experience shows that in order to gain the trust of taxpayers, it is necessary to strengthen the system of transparent reporting on where tax revenues are spent.

### **Conclusion**

The results of the study show that improving the tax system is an important factor in economic growth. The main conclusions are as follows: 1) Stability of tax rates improves the investment climate; 2) It is necessary to increase the efficiency of administration through the widespread introduction of digital technologies; 3) Tax incentives should be applied selectively to ensure social justice. In the future, it is recommended to introduce a tax risk analysis system based on artificial intelligence and implement educational programs to increase the tax literacy of the population when modernizing the tax system. These measures will serve to stabilize budget revenues and further liberalize the economy.

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