INTERNATIONAL JOURNAL OF POLITICAL SCIENCES AND ECONOMICS
Impact Factor (research bib) - 9,78
https://ijmri.de/index.php/ijpse , German international journals company
ISSN 2751-9708

THE ROLE OF ENVIRONMENTAL TAXES IN THE GREEN ECONOMY

Ergasheva Aziza,
Samarkand Institute of Economics and Service
Assistant of the Department of "Investment and Innovations"
E-mail: azizaergasheva445@gmail.com
Tel: +998902869551
Nazarmamatov Nurzod,
Student of Samarkand Institute of Economics and Service
Saydullayev Yusuf,
Student of Samarkand Institute of Economics and Service

Abstract. This study analyzes the role of environmental taxation in supporting the development of a green economy and evaluates its potential impact on environmental protection and sustainable economic growth. The research is based on an analysis of the current Tax Code of the Republic of Uzbekistan, national environmental legislation, international scientific literature, and statistical data on environmental indicators. The findings indicate that environmental taxes can serve as an effective mechanism for internalizing environmental externalities, encouraging the adoption of green technologies, and generating fiscal revenues for environmental protection programs.

Keywords: green economy, environmental taxes, sustainable development, environmental policy, tax regulation, ecological sustainability.

Annotatsiya. Mazkur tadqiqotda yashil iqtisodiyot sharoitida ekologik soliqlarning ahamiyati hamda ularning barqaror iqtisodiy rivojlanish va ekologik muhofazaga ta'siri tahlil qilinadi. Tadqiqot jarayonida O'zbekiston Respublikasining amaldagi Soliq kodeksi, ekologik qonunchilik hujjatlari, ilmiy adabiyotlar hamda statistik ma'lumotlar o'rganildi. Tadqiqot natijalari ekologik soliqlar atrof-muhitga salbiy ta'sir ko'rsatadigan faoliyatlar uchun iqtisodiy rag'batlarni o'zgartirish, yashil texnologiyalarni joriy etishni qo'llab-quvvatlash va ekologik loyihalarni moliyalashtirishda muhim rol o'ynashini ko'rsatdi.

Kalit so'zlar: yashil iqtisodiyot, ekologik soliqlar, barqaror rivojlanish, ekologik siyosat, soliq mexanizmlari, ekologik barqarorlik.

Аннотация. В данной работе анализируется роль экологического налогообложения в условиях зеленой экономики и оценивается его влияние на устойчивое экономическое развитие и охрану окружающей среды. В ходе исследования были изучены действующий Налоговый кодекс Республики Узбекистан, национальное экологическое законодательство, научная литература и статистические данные. Результаты исследования показывают, что экологические налоги могут служить эффективным механизмом внутренней оценки экологических издержек, стимулировать внедрение зеленых технологий и формировать финансовые ресурсы для экологических программ.

Ключевые слова: зеленая экономика, экологические налоги, устойчивое развитие, экологическая политика, налоговое регулирование, экологическая устойчивость.

INTRODUCTION

The transition toward a green economy has become a global priority in the context of climate change, environmental degradation, and the increasing scarcity of natural resources. Modern economic development strategies increasingly emphasize sustainable growth, which requires balancing economic expansion with environmental protection. Environmental taxes have emerged as one of the most effective fiscal instruments to support this transformation by

internalizing environmental externalities and encouraging environmentally responsible economic behavior.

Environmental taxation refers to taxes imposed on activities that cause environmental harm, including pollution, greenhouse gas emissions, and excessive resource consumption. These taxes aim to shift production and consumption patterns toward environmentally sustainable alternatives. In economic theory, such taxes are often associated with the Pigouvian concept, which suggests that environmental externalities should be reflected in the price of goods and services to correct market failures. By increasing the cost of environmentally harmful activities, environmental taxes incentivize businesses and consumers to adopt cleaner technologies and reduce ecological damage.

In recent years, many countries have incorporated environmental fiscal reforms into their economic policies as part of their strategies to achieve sustainable development goals. Fiscal instruments such as carbon taxes, pollution charges, resource extraction taxes, and waste management fees are widely used to reduce emissions, improve energy efficiency, and promote green innovation. Environmental taxation not only contributes to environmental protection but also generates additional public revenues that can be reinvested in green infrastructure, renewable energy projects, and environmental restoration programs.

Uzbekistan has also begun integrating the principles of the green economy into its national development strategy. Government policies aim to increase energy efficiency, promote renewable energy sources, and strengthen environmental protection mechanisms. Environmental payments and pollution charges have been introduced as economic instruments to regulate environmental impact and ensure compliance with ecological standards. For instance, enterprises are required to pay compensatory charges for emissions of pollutants into the atmosphere, with payment amounts increasing significantly if pollution exceeds established standards.

Moreover, policy initiatives are being discussed to introduce environmental taxes on specific products that generate large volumes of waste, including batteries, packaging materials, vehicle tires, and glass containers. Such measures aim to encourage recycling and reduce environmental pollution caused by non-degradable waste streams.

Despite these developments, the role of environmental taxes in Uzbekistan's transition to a green economy remains insufficiently studied. This research therefore aims to analyze the significance of environmental taxation as a fiscal instrument supporting sustainable development and to evaluate its potential impact on environmental protection and economic transformation within the framework of the green economy.

LITERATURE REVIEW

Environmental taxation and green economy development have been widely discussed in international economic literature. Researchers emphasize that environmental taxes represent one of the most effective economic tools for addressing environmental externalities and promoting sustainable development. According to Arthur Pigou's theory of externalities, environmental pollution occurs because the market price of goods and services does not reflect the social cost of environmental damage. Pigouvian taxes are therefore designed to internalize these costs by increasing the price of environmentally harmful activities. This approach has become the theoretical foundation of modern environmental taxation policies.

Several studies conducted by the Organisation for Economic Co-operation and Development (OECD) highlight that environmental taxes contribute to both environmental protection and fiscal sustainability. OECD research indicates that environmental taxation encourages energy efficiency, reduces greenhouse gas emissions, and promotes the development of renewable energy technologies. Researchers such as Bovenberg and Goulder have analyzed the role of environmental fiscal reforms in modern economies. Their studies demonstrate that properly designed environmental taxes can create a "double dividend" effect: improving environmental

quality while simultaneously generating government revenues that can be used to reduce other distortionary taxes.

In addition, the World Bank and the International Monetary Fund have emphasized the importance of carbon pricing mechanisms and environmental taxation as key instruments for addressing climate change. These institutions highlight that environmental taxes can stimulate innovation in green technologies and support sustainable economic transformation. In Uzbekistan, the concept of green economic development has gained increasing attention in recent years. National policy documents and government programs emphasize energy efficiency, renewable energy development, and environmental protection. Environmental payments for pollution and waste management represent the main economic instruments currently used in the country's environmental policy framework. However, the existing system of environmental taxation still requires further improvement in order to align with international best practices and support the transition to a green economy.

METHODOLOGY

The research is based on a comprehensive methodological approach combining qualitative and quantitative analysis. The study employs comparative, institutional, and statistical research methods in order to examine the role of environmental taxation within the broader framework of green economic transformation.

First, a theoretical analysis of environmental taxation concepts was conducted based on international economic literature, including studies related to environmental fiscal reform, sustainable development economics, and green public finance. These sources provide the conceptual foundation for understanding the economic mechanisms through which environmental taxes influence market behavior and environmental outcomes.

Second, a legal and institutional analysis was carried out focusing on the environmental and fiscal policies implemented in Uzbekistan. Particular attention was given to the provisions of the Tax Code of the Republic of Uzbekistan, environmental legislation, and government decrees regulating pollution payments and ecological compensation mechanisms. The analysis evaluated how these regulatory instruments contribute to environmental protection and sustainable resource management.

RESULTS

The analysis demonstrates that environmental taxes play a critical role in supporting the transition toward a green economy by influencing economic behavior, improving environmental quality, and generating public revenues for sustainable development initiatives. One of the most important functions of environmental taxation is the correction of market failures caused by environmental externalities. Traditional market systems often fail to account for the environmental costs of production and consumption, which leads to excessive pollution and resource depletion. Environmental taxes address this issue by incorporating environmental costs into the price of goods and services. As a result, producers are encouraged to adopt cleaner production technologies, while consumers are incentivized to shift toward environmentally friendly products.

In Uzbekistan, the introduction of pollution charges and environmental compensation payments has already contributed to strengthening environmental regulation. Enterprises that exceed emission standards are subject to significantly higher payments, which creates a financial incentive to reduce pollution and invest in environmental protection technologies. Another important outcome of environmental taxation is the promotion of innovation and green investment. When environmentally harmful activities become more expensive, businesses have a stronger motivation to develop energy-efficient technologies, renewable energy solutions, and waste-reduction processes. This contributes to the development of green industries and sustainable economic growth.

Environmental taxes also provide a stable source of fiscal revenue that can be allocated to environmental programs and infrastructure development. Revenues generated from environmental taxation can support projects such as renewable energy expansion, waste recycling systems, water resource management, and ecological restoration initiatives. These investments play an important role in achieving long-term environmental sustainability.

Furthermore, the introduction of environmental taxes on products that generate large amounts of waste, such as packaging materials and batteries, could significantly improve waste management systems in Uzbekistan. Given the currently low recycling rates for many types of waste, economic incentives are essential to stimulate recycling industries and encourage responsible waste disposal practices.

Overall, the findings suggest that environmental taxation has significant potential to contribute to environmental protection, economic modernization, and sustainable development.

DISCUSSION

The results of the study highlight that environmental taxes represent one of the most effective market-based instruments for achieving the objectives of a green economy. Compared with traditional regulatory approaches, such as direct environmental restrictions or administrative penalties, environmental taxes provide flexible economic incentives that allow businesses to determine the most efficient way to reduce their environmental impact. International experience shows that countries that successfully implement environmental fiscal reforms often combine environmental taxes with complementary policy measures, including environmental subsidies, technological support programs, and regulatory standards. Such integrated approaches ensure that environmental taxes do not impose excessive burdens on economic development while still achieving environmental objectives.

In the case of Uzbekistan, environmental taxation is still at an early stage of development. Although pollution charges and environmental compensation mechanisms are already in place, the overall system of environmental taxation remains relatively limited compared with international best practices. Expanding the range of environmental taxes—such as carbon taxes, plastic taxes, and resource extraction taxes—could significantly strengthen the country's environmental policy framework. However, the implementation of environmental taxes also presents certain challenges. One of the main concerns is the potential impact on production costs and consumer prices. If environmental taxes are introduced without appropriate policy design, they may increase the financial burden on businesses and households. Therefore, it is important to ensure that environmental tax reforms are implemented gradually and accompanied by supportive measures such as tax incentives for green technologies and financial assistance for environmentally friendly investments.

Another challenge relates to institutional capacity and monitoring mechanisms. Effective environmental taxation requires accurate measurement of emissions, reliable environmental data, and transparent administrative procedures. Strengthening environmental monitoring systems and digitalizing environmental reporting processes could significantly improve the effectiveness of environmental fiscal policies. Despite these challenges, the transition toward a green economy makes the development of environmental taxation increasingly necessary. Environmental taxes can serve not only as regulatory instruments but also as catalysts for economic transformation, technological innovation, and sustainable development.

CONCLUSION

Environmental taxes represent a powerful fiscal instrument for promoting sustainable development and supporting the transition toward a green economy. By incorporating environmental costs into economic decision-making processes, these taxes encourage environmentally responsible behavior among producers and consumers while generating financial resources for environmental protection initiatives. The experience of Uzbekistan

demonstrates that environmental taxation can play an important role in strengthening environmental regulation and supporting national green economy strategies. Existing mechanisms, such as pollution charges and environmental compensation payments, already contribute to reducing environmental damage and promoting compliance with ecological standards.

However, further development of environmental fiscal policy is necessary to fully realize the potential of environmental taxes. Expanding the scope of environmental taxation, improving regulatory frameworks, and strengthening environmental monitoring systems would significantly enhance the effectiveness of these instruments. In the long term, environmental taxes can contribute not only to environmental protection but also to economic modernization, technological innovation, and sustainable economic growth. Therefore, strengthening environmental taxation policies should become one of the key priorities in the implementation of Uzbekistan's green economy strategy.

REFERENCES

1. Bovenberg, A. L., & Goulder, L. H. (2002). Environmental taxation and regulation. Handbook of Public Economics, 3, 1471–1545.
2. European Commission. (2023). Environmental taxation statistics and policy indicators. Publications Office of the European Union.
3. International Monetary Fund. (2023). Fiscal policies for climate change mitigation. IMF Publishing.
4. Organisation for Economic Co-operation and Development. (2022). Environmental taxation: A guide for policy makers. OECD Publishing.
5. Organisation for Economic Co-operation and Development. (2023). Taxing energy use for sustainable development. OECD Publishing.
6. Pigou, A. C. (1920). The economics of welfare. Macmillan.
7. Stiglitz, J. E., & Stern, N. (2017). Report of the high-level commission on carbon prices. World Bank Group.
8. United Nations. (2022). Green economy and sustainable development: Global progress report. United Nations Publications.
9. United Nations Environment Programme. (2023). Green economy policies and fiscal reforms. UNEP.
10. World Bank. (2023). State and trends of carbon pricing. World Bank Publications.
11. World Bank. (2022). Environmental fiscal reform and green growth. World Bank Publications.
12. Ministry of Economy and Finance of the Republic of Uzbekistan. (2024). Tax policy review and fiscal reforms in Uzbekistan. Tashkent.
13. Republic of Uzbekistan. (2026). Tax Code of the Republic of Uzbekistan. Tashkent: National Legislative Database.
14. Republic of Uzbekistan. (2019). Law on environmental protection. Tashkent.
15. Republic of Uzbekistan. (2023). Strategy for the transition to a green economy in Uzbekistan. Tashkent.
16. State Committee for Ecology and Environmental Protection of the Republic of Uzbekistan. (2024). Environmental indicators and ecological monitoring report. Tashkent.
17. International Energy Agency. (2023). Environmental policy and economic mechanisms for environmental protection in Uzbekistan. IEA.