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PROPERTY TAXATION IN UZBEKISTAN: NATURE, PROCEDURES, AND POLICY ANALYSIS

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Abstract: This paper examines the nature and procedures of property taxation in Uzbekistan as of 2026. It analyzes the current legal framework, administrative practices, valuation methods, and exemption policies. The study highlights the role of cadastral data, automated reporting systems, and differentiated tax rates in promoting efficiency, equity, and revenue stability. Challenges related to valuation accuracy, regional disparities, and taxpayer awareness are discussed, alongside recommendations for strengthening cadastral coverage, transparency, and taxpayer support.

Keywords: Property tax, Uzbekistan, Tax administration, Valuation, Fiscal policy, Equity

Annotatsiya: Ushbu maqolada 2026-yil holatiga ko'ra, O'zbekistonda mol-mulkni soliqqa tortishning mohiyati va tartiblari tahlil qilinadi. Ish amaldagi qonunchilik bazasi, ma'muriy amaliyotlar, baholash usullari va imtiyoz siyosatini o'rganadi. Tadqiqot kadastr ma'lumotlari, avtomatlashtirilgan deklaratsiyalar tizimi va turlicha soliq stavkalari samaradorlik, adolat va daromad barqarorligini oshirishdagi rolini ko'rsatadi. Baholash aniqligi, mintaqaviy farqlar va soliq to'lovchilarni xabardor qilish kabi muammolar tahlil qilinadi va kadastr qamrovi, oshkoralik va soliq to'lovchilarni qo'llab-quvvatlashni kuchaytirish bo'yicha tavsiyalar beriladi.

Kalit so'zlar: Mol-mulk solig'i, O'zbekiston, Soliq ma'muriyati, Baholash, Soliq siyosati, Adolat

Аннотация: В статье рассматриваются сущность и порядок налогообложения имущества в Узбекистане на 2026 год. Анализируются действующая законодательная база, административная практика, методы оценки и система льгот. Исследование подчеркивает роль кадастровых данных, автоматизированных систем отчетности и дифференцированных ставок налога в повышении эффективности, справедливости и стабильности доходов. Обсуждаются проблемы точности оценки, региональные различия и информированность налогоплательщиков, а также предлагаются рекомендации по расширению кадастрового покрытия, прозрачности и поддержке налогоплательщиков.

Ключевые слова: Налог на имущество, Узбекистан, Налоговое администрирование, Оценка, Налоговая политика, Справедливость

INTRODUCTION

Property taxation functions as a foundational fiscal instrument for subnational governments, shaping the capacity of local authorities to finance public goods and services, redistribute resources, and influence land use. In transitional economies, such as Uzbekistan, the evolution of property tax reflects broader ambitions of fiscal decentralization, formalization of the real estate market, and alignment with international tax administration norms. Since Uzbekistan initiated macro- fiscal reforms in the late 2010s, property taxation has undergone successive waves of legislative refinement, emphasizing transparency, fairness, and revenue stability.

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The 2026 iteration of the Uzbek Tax Code consolidates previous reforms and introduces procedural innovations intended to streamline valuation, reporting, and collection. Property tax (mol-mulk solig'i) in Uzbekistan applies to immovable assets, encompassing residential and non-residential real estate, infrastructure elements, and other tangible property identified within cadastral registers. Unlike purely voluntary fiscal instruments, property tax embodies an annual recurrent obligation that interacts with property rights, market valuation mechanisms, and administrative capacity. This interaction presents theoretical and practical tensions: how to balance equitable tax burdens with economic development goals, how to administer valuation systems in environments of incomplete data, and how to integrate taxpayer compliance incentives into statutory design.

Academic discourse situates property taxation at the intersection of public finance theory and institutional capacity analysis. From a normative perspective, property taxes are considered relatively stable revenue bases compared with turnover-based levies, less distortionary than income taxes, and more transparent than user fees. However, these theoretical attributes presuppose robust valuation infrastructure and high compliance. In Uzbekistan's case, historical legacies of underregistered real estate markets and evolving cadastral systems pose distinct challenges. Consequently, a comprehensive analysis of property tax in 2026 must foreground both statutory design and practical implementation dynamics.

The present study contributes by synthesizing the current legal framework, administrative procedures, and empirical insights to assess the effectiveness of property taxation in Uzbekistan. It advances beyond descriptive accounts by evaluating procedural reforms, equity implications, and the operational constraints that shape tax outcomes across jurisdictional contexts.

METHODOLOGY

This study employs a multi-method legal and institutional analysis grounded in normative interpretation of primary legal sources and empirical contextualization through scholarly literature. The principal legal instruments analyzed include the Tax Code of the Republic of Uzbekistan (as amended through 2026), implementing regulations issued by the State Tax Committee, and relevant presidential decrees that shape tax valuation and collection procedures. Each statutory provision was examined to identify tax objects, valuation bases, determination of taxable value, rate schedules, exemption regimes, and compliance mechanisms.

RESULTS

The Uzbek Tax Code articulates property tax as an annual levy on immovable property owned by both legal entities and individuals. Legal entities' tax liabilities are determined primarily through assessed value, which integrates cadastral data and normative coefficients adjusted for regional and asset-specific factors. For individuals, where cadastral valuations are incomplete or outdated, the Code permits the use of conditional (normative) values established administratively to approximate tax liability. This dual approach reflects a pragmatic response to incomplete real estate registries but introduces complexity and potential inequity.

Under the current framework, immovable property includes land plots, residential dwellings, non-residential structures (commercial buildings, warehouses), and certain infrastructural assets where ownership resides with non-state economic actors. Progress in cadastral digitization has expanded coverage, enabling more properties to be valued on a market-related basis rather than default normative brackets. However, cadastral coverage remains uneven across regions, with urban centers displaying higher data quality relative to rural areas.

Tax objects are grouped into categories reflecting usage type, functional purpose, and legal status. For instance, residential properties used by households are subject to differentiated treatment compared to commercial establishments, with thresholds and exemptions designed to protect low-value residential holdings. These statutory distinctions aim to balance equity considerations—reducing tax burdens on socially sensitive property classes—while preserving revenue objectives.

As of 2026, property tax calculation in Uzbekistan incorporates several key elements: the tax base (assessed or conditional value), applicable rates, and prescribed coefficients that adjust taxable value for location, use, or structural characteristics. Legal entities face a base rate applied to the assessed value, with multiplier adjustments depending on regional development priorities. For example, newly developed industrial zones may receive reduced coefficients to incentivize capital investment, whereas prime urban areas command higher multipliers reflecting real property market intensities.

For natural persons, tax rates are progressive across value brackets, incorporating thresholds that exempt low-value residential holdings entirely or subject them to nominal rates. This progression admits a redistributive logic, though practical impacts depend on the accuracy of valuation mechanisms. In cases where cadastral valuations lag behind market realities, taxpayers may either overpay or underpay relative to current market value—risking inequitable tax burdens.

An important procedural development is the automatic formation of property tax declarations by tax authorities for legal entities using integrated data systems. This shift toward proactive reporting reduces compliance costs and minimizes declarative errors but underscores the reliance on accurate underlying datasets. Taxpayers retain limited adjustment and objection rights, permitting them to contest automated valuations within prescribed timeframes.

Valuation remains the most technically demanding component of property taxation. While cadastral systems have advanced, significant heterogeneity in data quality persists. Urban markets with active real estate transactions facilitate statistically derived valuations, whereas rural and peripheral regions require reliance on normative values or outdated datasets. This disparity generates valuation uncertainty and complicates equitable tax assessment.

The literature highlights that robust valuation frameworks hinge on comprehensive cadastral coverage, frequent revaluations, transparent valuation formulas, and integration of market transaction data. Uzbekistan's adoption of periodic revaluation cycles represents progress, but implementation capacity—particularly in remote jurisdictions—lags behind statutory prescriptions. These gaps give rise to administrative disputes, taxpayer appeals, and inconsistent tax burdens.

The Tax Code delineates targeted exemptions to soften the regressive aspects of property taxation. These include exemptions for certain categories of veterans, persons with disabilities, and energy-efficient residential constructions. Additionally, pensioners may receive exemptions up to a defined floor area, acknowledging socioeconomic vulnerability and promoting social equity.

Despite these provisions, the effectiveness of exemptions depends on procedural clarity and taxpayer awareness. Studies indicate that underutilization of available exemptions often stems from informational asymmetries and bureaucratic hurdles, diminishing intended redistributive effects.

DISCUSSION

The analysis reveals a nuanced picture of property taxation in Uzbekistan as of 2026, characterized by deliberate legislative design alongside ongoing implementation challenges. The statutory framework embodies principles of fiscal neutrality, administrative efficiency, and social equity. However, the complexity of valuation mechanics and uneven administrative capacity introduce gaps between policy intent and practical outcomes.

Equity and Efficiency Tensions. Differential valuation bases—assessed versus conditional—present equity concerns. When cadastral data are unavailable, reliance on normative values risks departing from true economic values, leading to systematic over- or under-taxation. Equity theory in public finance emphasizes the alignment of tax burdens with taxpayers' ability to pay; deviations from market valuations undermine this alignment.

Administrative Innovation. Automatic declaration systems represent meaningful modernization, reducing compliance burdens for large taxpayers. Nevertheless, successful automation presupposes data integrity. Inconsistent datasets not only distort tax liabilities but also erode taxpayer confidence. Strengthening data governance, investing in cadastral infrastructure, and fostering interagency data sharing are critical pathways forward.

International Comparisons. Comparative studies of property taxation in transitional economies underscore the importance of transparent valuation formulas, regular revaluation intervals, and taxpayer appeal mechanisms. Uzbekistan's framework is moving toward these best practices, yet capacity constraints, particularly in regional jurisdictions, remain salient.

Policy Implications. Policy refinement should focus on harmonizing cadastral and market data, simplifying valuation methodologies where feasible, and enhancing taxpayer outreach on exemptions and compliance procedures. A phased approach to expanding cadastral coverage—prioritizing high-value urban markets—could yield early gains in revenue equity and taxpayer trust.

CONCLUSION

Property taxation in Uzbekistan occupies a central role in local revenue systems and reflects broader fiscal reform goals. The 2026 Tax Code consolidates structural features designed to balance revenue stability, administrative feasibility, and social equity. Notable advancements include automated reporting systems and differentiated valuation regimes. Nonetheless, significant challenges persist, particularly in valuation accuracy, data integration, and equitable application of statutory provisions.

Future research should empirically assess the impact of property tax reforms on revenue performance and taxpayer behavior, utilizing administrative datasets as they become available. Continued refinement of legal and administrative frameworks will be essential to realize the full potential of property taxation as an effective and equitable fiscal instrument in Uzbekistan.

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