

**TAX ON PROPERTY OF LEGAL ENTITIES IN UZBEKISTAN: ECONOMIC
SIGNIFICANCE AND MECHANISMS OF TAX ADMINISTRATION**

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Annotation

This article analyzes the economic essence and fiscal significance of the property tax imposed on legal entities in the Republic of Uzbekistan. The study examines the mechanisms of calculating and paying the property tax based on the current tax legislation of Uzbekistan, particularly the provisions of the Tax Code and relevant regulatory acts. The research also evaluates the role of property taxation in the formation of state budget revenues and its impact on the efficient use of fixed assets by enterprises. In addition, the ongoing digitalization of tax administration contributes to improving transparency, reducing compliance costs and strengthening the efficiency of tax collection.

Keywords

property tax, legal entities, tax system, tax administration, fiscal policy, fixed assets, Uzbekistan.

Аннотация

В данной статье рассматривается экономическая сущность и фискальное значение налога на имущество юридических лиц в Республике Узбекистан. Исследование посвящено анализу механизма исчисления и уплаты налога на имущество на основе действующего налогового законодательства, включая положения Налогового кодекса и других нормативно-правовых актов. Особое внимание уделяется роли налога на имущество в формировании доходов государственного бюджета и его влиянию на эффективное использование основных средств предприятий. Также отмечается значительная роль цифровизации налогового администрирования в повышении прозрачности и эффективности налоговой системы.

Ключевые слова

налог на имущество, юридические лица, налоговая система, налоговое администрирование, фискальная политика, основные средства, Узбекистан.

Annotatsiya

Ushbu maqolada O‘zbekiston Respublikasida yuridik shaxslardan olinadigan mulk solig‘ining iqtisodiy mohiyati va fiskal ahamiyati tahlil qilingan. Tadqiqotda amaldagi soliq qonunchiligi, xususan Soliq kodeksi hamda boshqa normativ-huquqiy hujjatlar asosida mulk solig‘ini hisoblash va to‘lash mexanizmlari o‘rganilgan. Shuningdek, mulk solig‘ining davlat budjeti daromadlarini shakllantirishdagi o‘rni hamda korxonalarining asosiy vositalaridan samarali foydalanishga ta’siri baholangan. Bundan tashqari, soliq ma’murchiligining raqamlashtirilishi soliq tizimining shaffofligi va samaradorligini oshirishga xizmat qilayotgani aniqlangan.

Kalit soʻzlar

mulk soligʻi, yuridik shaxslar, soliq tizimi, soliq maʼmurchiligi, fiskal siyosat, asosiy vositalar, Oʻzbekiston.

INTRODUCTION

The formation of an efficient tax system is one of the key institutional factors determining sustainable economic development and fiscal stability. In modern fiscal policy, property taxation plays a significant role in generating stable budget revenues while ensuring rational use of production assets and real estate. In many countries, taxes on property owned by legal entities function not only as a fiscal instrument but also as a regulatory mechanism that influences investment decisions, capital allocation and efficient utilization of fixed assets. In the Republic of Uzbekistan, the property tax on legal entities is an integral component of the national tax system and is regulated by the current provisions of the Tax Code. The modernization of tax administration in recent years has been aimed at increasing transparency, improving the accuracy of tax base determination and strengthening digital tax reporting mechanisms. These reforms are closely linked with the broader transformation of Uzbekistan's economy, which has gradually shifted toward market-oriented principles and increased private sector participation.

The tax on property of legal entities is primarily levied on immovable assets owned by enterprises, including buildings, structures, unfinished construction objects and certain infrastructure facilities. The tax base is generally determined based on the average annual residual value of fixed assets reflected in the accounting records of enterprises. The standard tax rate applicable to most types of property remains 1.5 %, while specific objects such as overdue construction projects may be taxed at higher rates. An important element of the current taxation system is the introduction of a minimum taxable value for real estate depending on the geographical location of the property. This mechanism was designed to prevent artificial undervaluation of assets and to ensure more equitable taxation across different regions. According to current regulations, the minimum taxable base per square meter of property varies depending on the territory and may reach over 3.5 million Uzbek soums in major urban centers. Despite the relative stability of the property tax rate, the government continues to implement reforms aimed at improving tax administration, including proactive tax reporting systems and automated data exchange between taxpayers and tax authorities. These initiatives are intended to reduce administrative costs and enhance compliance among corporate taxpayers. Given the growing importance of property taxation in the structure of public revenues and its influence on investment behavior, a comprehensive academic analysis of the tax on property of legal entities in Uzbekistan remains highly relevant. This study therefore aims to analyze the economic essence of the property tax on legal entities, examine the mechanism of its calculation and payment, and assess its role in the fiscal system of Uzbekistan.

METHODOLOGY

The methodological framework of this research is based on a combination of theoretical and empirical research approaches widely used in economic and fiscal policy studies. The analysis relies on comparative, statistical, institutional and analytical methods to evaluate the functioning of property taxation in Uzbekistan. First, the theoretical foundations of property taxation were examined through the analysis of economic literature devoted to public finance and tax policy. Classical and contemporary theories of taxation emphasize the role of property taxes in ensuring fiscal sustainability and promoting efficient allocation of economic resources. In this context, property taxation is viewed as a stable and relatively predictable source of government revenue, as the tax base is less volatile compared to income or consumption taxes.

Second, a normative legal analysis was conducted to study the current regulatory framework governing property taxation in Uzbekistan. The research relies on the provisions of the Tax Code of the Republic of Uzbekistan, government resolutions and other legislative acts regulating the assessment and administration of property taxes. Special attention was given to recent reforms implemented within the framework of tax system modernization. Third, statistical analysis was applied to examine the fiscal significance of property taxation in the structure of public revenues. Data from official government sources, fiscal reports and analytical publications were used to assess trends in tax revenues and evaluate the contribution of property taxes to the national budget.

In addition, comparative analysis was employed to examine how Uzbekistan's property tax system relates to international taxation practices. This approach made it possible to identify similarities and differences between Uzbekistan and other countries in terms of tax rates, tax base determination and administrative mechanisms. Finally, analytical synthesis was used to integrate theoretical insights and empirical findings in order to formulate conclusions regarding the effectiveness of property taxation in Uzbekistan and its potential directions for further improvement.

RESULTS

The analysis shows that property taxation of legal entities in Uzbekistan plays an important role in ensuring fiscal stability and supporting the financing of public expenditures. Although property taxes do not constitute the largest share of total tax revenues, they represent a stable and predictable source of income for the state budget.

Under the current legislation, legal entities that own immovable property in Uzbekistan are required to pay property tax based on the average annual residual value of their fixed assets. This includes buildings, industrial facilities, engineering structures and unfinished construction projects. The standard tax rate applied to most types of corporate property remains 1.5 % of the taxable value. In cases where construction projects are not completed within the contractual deadlines, a higher tax rate may be applied in order to encourage efficient use of investment resources and prevent long-term immobilization of capital. For example, unfinished construction objects may be taxed at a rate of approximately 3 % of their value. Another important element of the property tax system is the determination of the taxable base. Enterprises calculate the taxable value of their property based on accounting records; however, the Tax Code also establishes minimum taxable thresholds for real estate. These thresholds depend on the location of the property and serve as a mechanism to prevent tax base erosion. For instance, the minimum taxable value per square meter may exceed 3.5 million soums in the capital city, while lower thresholds apply to regional centers and rural areas.

In recent years, the government has introduced digital tax administration tools that significantly improve the efficiency of tax collection. The proactive tax reporting system automatically generates tax reports using data from state information systems and taxpayer accounts. Taxpayers are given a limited period to review and correct the automatically generated data before it is considered officially submitted. The results of this analysis indicate that digitalization of tax administration has reduced compliance costs for businesses and improved the transparency of fiscal operations. Furthermore, property tax incentives have been introduced for certain sectors, including renewable energy projects, which may be exempt from property tax for a defined period in order to encourage investment in sustainable technologies.

DISCUSSION

The findings of this study demonstrate that the property tax on legal entities serves multiple economic functions within Uzbekistan's fiscal system. In addition to generating public revenue, the tax acts as an instrument for regulating the efficient use of fixed assets and promoting

investment discipline. From a theoretical perspective, property taxes are often considered one of the most stable forms of taxation because the tax base—immovable property—cannot easily be transferred to other jurisdictions. This characteristic reduces the risk of tax avoidance and ensures a steady stream of revenue for government budgets. In the context of Uzbekistan's economic transformation, this stability is particularly valuable.

However, the effectiveness of property taxation depends largely on the accuracy of property valuation and the efficiency of tax administration. In transitional economies, undervaluation of property assets may lead to significant losses in potential tax revenue. The introduction of minimum taxable values for real estate in Uzbekistan represents an important policy measure aimed at addressing this challenge. At the same time, policymakers must balance fiscal objectives with the need to maintain a favorable investment climate. Excessively high property taxes may discourage investment in capital-intensive industries such as manufacturing, infrastructure and logistics. Therefore, the relatively moderate property tax rate in Uzbekistan reflects an attempt to maintain a balance between revenue generation and economic development. Another important issue concerns the relationship between property taxation and regional economic development. Since property values vary significantly between regions, the use of differentiated minimum taxable bases allows the government to adapt tax policy to local economic conditions while maintaining fairness in taxation. Digitalization of tax administration also represents a significant step toward improving compliance and reducing administrative burdens. Automated reporting systems enhance transparency and reduce opportunities for corruption or errors in tax reporting. As Uzbekistan continues to expand its digital governance infrastructure, further improvements in tax administration can be expected.

CONCLUSION

The property tax on legal entities occupies an important place in the tax system of Uzbekistan and contributes to the stability of public finances. The analysis conducted in this study shows that the current taxation mechanism is characterized by relatively moderate tax rates, a clearly defined tax base and increasing reliance on digital administrative tools. The introduction of minimum taxable values for real estate has strengthened the integrity of the tax base and reduced the risk of asset undervaluation. At the same time, digital tax administration systems have improved the efficiency of tax reporting and compliance procedures.

Nevertheless, further improvements in property taxation may be necessary to enhance fiscal efficiency and support sustainable economic development. In particular, continued modernization of property valuation systems, expansion of digital tax infrastructure and development of balanced tax incentives for strategic sectors could contribute to a more effective taxation framework. Overall, the property tax on legal entities in Uzbekistan represents an important fiscal instrument that supports both revenue generation and economic regulation. Its continued development within the framework of tax system reforms will play a key role in strengthening the country's financial sustainability and promoting long-term economic growth.

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