

**SOCIAL TAX BENEFITS AND PAYMENT PROCEDURES IN UZBEKISTAN:
INSTITUTIONAL FRAMEWORK AND ECONOMIC IMPLICATIONS**

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Annotatsiya. Maqolada O‘zbekistonda ijtimoiy soliqning imtiyozlari va to‘lash tartibi tahlil qilinadi. Tadqiqot ijtimoiy soliqning huquqiy asoslari, amaldagi Soliq kodeksi va normativ-huquqiy hujjatlar doirasida o‘rganilgan. Shuningdek, ijtimoiy soliq imtiyozlarining ish bilan ta‘minlash, bandlikni rag‘batlantirish, tadbirkorlikni qo‘llab-quvvatlash va iqtisodiy faollikni oshirishdagi ahamiyati tahlil qilingan. Natijalar soliq islohotlari ijtimoiy himoya tizimini mustahkamlash, yangi ish o‘rinlari yaratish va kichik biznesni rivojlantirishga xizmat qilishini ko‘rsatadi.

Kalit so‘zlar: ijtimoiy soliq, soliq imtiyozlari, bandlikni rag‘batlantirish, tadbirkorlik, fiskal siyosat, soliq to‘lov tartibi, O‘zbekiston

Abstract. The article examines social tax benefits and payment procedures in Uzbekistan, focusing on the legal framework, current Tax Code provisions, and regulatory mechanisms. The study analyzes how social tax incentives impact employment, stimulate entrepreneurship, and promote economic activity among various social groups, including youth and vulnerable populations. Findings demonstrate that tax reforms enhance social protection, facilitate job creation, and support small business development. The research highlights the importance of effective tax administration and ongoing policy adjustments to maintain fiscal sustainability and inclusive economic growth.

Keywords: social tax, tax benefits, employment promotion, entrepreneurship, fiscal policy, payment procedures, Uzbekistan

Аннотация. Статья рассматривает льготы и порядок уплаты социального налога в Узбекистане, включая правовые основы, нормы действующего Налогового кодекса и административные механизмы. Исследование анализирует влияние налоговых льгот на занятость, поддержку предпринимательства и экономическую активность различных социальных групп, включая молодежь и уязвимые слои населения. Результаты показывают, что налоговые реформы укрепляют социальную защиту, способствуют созданию рабочих мест и развитию малого бизнеса. Особое внимание уделяется эффективному администрированию налога и необходимости постоянной корректировки политики для поддержания устойчивости бюджета и инклюзивного экономического роста.

Ключевые слова: социальный налог, налоговые льготы, стимулирование занятости, предпринимательство, фискальная политика, порядок уплаты, Узбекистан

INTRODUCTION

The modern tax system plays a crucial role in ensuring sustainable socio-economic development, supporting public finance stability, and financing social protection mechanisms. Among the various taxes implemented in national fiscal systems, the social tax occupies a special place due to its direct connection with labor relations, social security, and the welfare of the population. In many countries, social tax revenues form an essential part of public resources used to finance pensions, social insurance, and other social programs.

In the Republic of Uzbekistan, the social tax is considered one of the fundamental components of the state's fiscal policy aimed at strengthening the social protection system and ensuring the functioning of public social funds. The tax is imposed on employers based on payroll expenses and is designed to support social insurance systems, including pension provision and other forms of social assistance. According to the current legislation of Uzbekistan, the social tax is paid by employers on the wages of employees and represents a mandatory contribution to the state budget and social funds.

Recent tax reforms implemented in Uzbekistan have significantly modernized the national tax system. These reforms have focused on simplifying tax administration, reducing the tax burden on businesses, stimulating entrepreneurship, and increasing employment. The social tax mechanism has also undergone important changes, including adjustments to tax rates, the introduction of preferential regimes, and the development of digital tax administration tools.

One of the key objectives of social tax policy in Uzbekistan is to encourage employment, particularly among vulnerable groups such as young people, persons with disabilities, and residents of rural areas. The government has introduced several targeted tax incentives that reduce social tax rates for enterprises creating new jobs or employing socially vulnerable individuals. For example, enterprises employing persons with disabilities may benefit from reduced social tax rates, reflecting the state's commitment to inclusive labor market policies.

Another important direction of social tax reform is the support of entrepreneurial activity. In order to stimulate small business development and reduce administrative burdens, simplified taxation regimes have been introduced for individual entrepreneurs and self-employed persons. These reforms aim to legalize informal economic activities, increase the number of registered taxpayers, and ensure sustainable budget revenues.

The relevance of studying the social tax system in Uzbekistan is determined by the growing role of fiscal policy in regulating labor markets and supporting social protection mechanisms. At the same time, the effectiveness of social tax incentives and payment procedures requires continuous scientific analysis in order to improve policy design and ensure balanced economic development.

The purpose of this study is to analyze the institutional framework, tax benefits, and payment procedures of the social tax in Uzbekistan, as well as to evaluate their economic implications for employment, business development, and fiscal sustainability.

METHODOLOGY

The research is based on a comprehensive methodological framework combining theoretical and empirical approaches. Several scientific methods were used in order to analyze the social tax system and its practical implementation in Uzbekistan.

First, the comparative analysis method was applied to examine the evolution of social tax regulation in Uzbekistan and to compare it with international practices in the field of labor taxation and social insurance contributions. This approach made it possible to identify similarities and differences between national and global taxation models.

Second, the systemic analysis method was used to evaluate the structure of the social tax mechanism, including taxpayers, tax rates, benefits, and administrative procedures. Through this method, the study examined the interrelationship between fiscal policy instruments and socio-economic objectives such as employment promotion and social protection.

Third, the statistical analysis method was applied to interpret available data on social tax revenues, employment trends, and the impact of tax incentives on business activity. Statistical indicators obtained from official government reports and economic research publications were used to assess the effectiveness of social tax policies.

Fourth, the legal analysis method was used to examine the provisions of the Tax Code of the Republic of Uzbekistan and other regulatory documents governing the social tax system. Particular attention was paid to legal norms regulating tax rates, preferential regimes, and procedures for calculating and paying social tax.

Finally, the economic interpretation method was used to assess the broader implications of social tax reforms for economic growth, business environment development, and social welfare.

The combination of these research methods ensured a comprehensive and objective analysis of the social tax system in Uzbekistan.

RESULTS

The analysis shows that the social tax in Uzbekistan is a key fiscal instrument designed to finance social protection mechanisms and maintain stability in the national social security system. According to the Tax Code of the Republic of Uzbekistan, the social tax is levied on employers based on the total payroll of employees and must be paid regularly to the state budget. The standard social tax rate for most taxpayers is set at approximately twelve percent of payroll expenses. However, differentiated tax rates are applied depending on the category of taxpayers and the nature of their economic activity. Budget organizations are subject to a higher rate of social tax, which reflects their role in financing public sector activities.

Special preferential rates have been introduced to support specific social and economic objectives. Enterprises employing persons with disabilities benefit from a reduced social tax rate, which encourages inclusive employment and helps integrate vulnerable groups into the labor market. In addition to these permanent tax incentives, temporary benefits have been introduced to stimulate job creation and support economic sectors with high employment potential. For example, reduced social tax rates may apply to enterprises hiring young workers or operating in labor-intensive industries. These incentives aim to address unemployment challenges and promote labor market participation among young people.

Another important feature of the Uzbek social tax system is the simplified taxation regime for individual entrepreneurs and family businesses. Under this system, individual entrepreneurs pay fixed amounts of social tax depending on the type of economic activity and employment structure. This mechanism reduces administrative complexity and facilitates compliance with tax obligations. The procedure for calculating and paying social tax is based on payroll accounting and reporting requirements. Employers are responsible for calculating the tax amount based on employees' wages and transferring the corresponding payments to the state budget within established deadlines. Digital tax administration systems and electronic reporting platforms have significantly simplified these procedures, improving transparency and reducing administrative costs for taxpayers.

The implementation of social tax incentives has produced noticeable economic effects. In particular, the introduction of tax benefits for employers hiring young people has contributed to the creation of new jobs and increased youth employment. Thousands of enterprises have benefited from these incentives, leading to significant employment growth in recent years. Overall, the results indicate that the Uzbek social tax system combines fiscal efficiency with targeted social policy objectives, creating a balance between budget revenue generation and economic development incentives.

DISCUSSION

The findings of this study demonstrate that the social tax system in Uzbekistan plays a dual role in the national economy. On the one hand, it serves as an important source of public revenue used to finance social protection programs. On the other hand, it functions as an economic policy instrument aimed at regulating employment and stimulating entrepreneurship. The introduction of differentiated social tax rates and targeted tax benefits reflects a shift toward a more flexible

and incentive-based fiscal policy. By reducing tax burdens for enterprises employing vulnerable groups or operating in priority sectors, the government seeks to address structural challenges in the labor market and support inclusive economic growth.

At the same time, the effectiveness of social tax incentives depends on the design of eligibility criteria and administrative procedures. Excessive complexity in tax benefit mechanisms may limit their practical application and reduce their impact on employment. Therefore, continuous monitoring and evaluation of tax incentive programs are essential to ensure their efficiency. Another important aspect of social tax policy is the balance between fiscal sustainability and business competitiveness. While social tax revenues are necessary to finance social programs, excessively high payroll taxes may discourage formal employment and increase the prevalence of informal labor arrangements. In this context, the gradual reduction of tax burdens for small businesses and entrepreneurs can help promote formalization and expand the tax base.

The digitalization of tax administration in Uzbekistan represents a significant step toward improving compliance and transparency. The use of electronic tax reporting systems allows employers to calculate and pay social tax more efficiently, reducing administrative costs and minimizing the risk of tax evasion. International experience also shows that social taxation policies are most effective when combined with broader labor market reforms, such as education and training programs, employment subsidies, and social protection initiatives. Uzbekistan's ongoing reforms in these areas indicate a comprehensive approach to socio-economic development.

Despite significant progress in modernizing the tax system, further research is required to assess the long-term impact of social tax reforms on economic growth, labor productivity, and social welfare. Future policy improvements should focus on enhancing the transparency of tax incentives, strengthening tax administration capacity, and ensuring the sustainability of social protection financing.

CONCLUSION

The study confirms that the social tax system of Uzbekistan plays an essential role in ensuring the financial sustainability of social protection programs and supporting labor market development. The current legal framework establishes clear procedures for calculating and paying social tax, while differentiated tax rates and targeted incentives aim to stimulate employment and entrepreneurship. Recent tax reforms have introduced important improvements, including reduced tax rates for certain sectors, incentives for youth employment, and simplified tax regimes for individual entrepreneurs. These measures contribute to the development of a more dynamic and inclusive economy.

At the same time, maintaining an optimal balance between fiscal stability and economic competitiveness remains a key challenge for policymakers. Continuous evaluation of tax incentives and the further digitalization of tax administration will be crucial for improving the effectiveness of the social tax system. In the long term, strengthening the institutional framework of social taxation and expanding employment opportunities will contribute to sustainable economic growth and improved social welfare in Uzbekistan.

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