

**COMPOSITION OF PERSONAL INCOME TAXPAYERS IN THE REPUBLIC OF
UZBEKISTAN**

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Abstract

This article analyzes the composition of personal income taxpayers in the Republic of Uzbekistan and their role in the national tax system. The study is based on the provisions of the current Tax Code of Uzbekistan, scientific literature, and statistical data on tax revenues. The research examines the main categories of taxpayers, including resident and non-resident individuals, employees receiving wages, individual entrepreneurs, investors, and property owners. Particular attention is paid to the legal framework governing personal income taxation and the mechanisms of tax administration. The study also evaluates the fiscal significance of personal income tax and its impact on the formation of state budget revenues.

Keywords

personal income tax, taxpayers, individuals, tax system, tax policy, Uzbekistan, fiscal policy.

Annotatsiya

Mazkur maqolada O‘zbekiston Respublikasida jismoniy shaxslardan olinadigan daromad solig‘i to‘lovchilarining tarkibi hamda ularning milliy soliq tizimidagi o‘rni tahlil qilingan. Tadqiqot O‘zbekiston Respublikasining amaldagi Soliq kodeksi, ilmiy adabiyotlar va soliq tushumlari bo‘yicha statistik ma‘lumotlarga asoslangan. Tadqiqot jarayonida soliq to‘lovchilarning asosiy toifalari, jumladan rezident va nerezident jismoniy shaxslar, ish haqi oluvchi xodimlar, yakka tartibdagi tadbirkorlar, investorlar va mulk egalari o‘rganilgan. Shuningdek, jismoniy shaxslarning daromad solig‘ini tartibga soluvchi huquqiy asoslar hamda soliq ma‘murchiligi mexanizmlariga alohida e‘tibor qaratilgan.

Kalit so‘zlar

jismoniy shaxslar daromad solig‘i, soliq to‘lovchilar, soliq tizimi, soliq siyosati, fiskal siyosat, O‘zbekiston.

Аннотация

В данной статье анализируется состав налогоплательщиков налога на доходы физических лиц в Республике Узбекистан и их роль в национальной налоговой системе. Исследование основано на положениях действующего Налогового кодекса Республики Узбекистан, научной литературе и статистических данных о налоговых поступлениях. В работе рассматриваются основные категории налогоплательщиков, включая резидентов и нерезидентов, наемных работников, индивидуальных предпринимателей, инвесторов и владельцев имущества. Особое внимание уделяется правовой базе налогообложения доходов физических лиц и механизмам налогового администрирования.

Ключевые слова

налог на доходы физических лиц, налогоплательщики, налоговая система, налоговая политика, фискальная политика, Узбекистан.

INTRODUCTION

The taxation of personal income is one of the fundamental elements of modern fiscal systems and plays a crucial role in ensuring stable government revenues and social redistribution. In transition economies, including the Republic of Uzbekistan, personal income taxation has become an important instrument for regulating economic relations, stimulating legal employment, and strengthening fiscal discipline. Over the last decade Uzbekistan has implemented comprehensive reforms aimed at simplifying taxation procedures and improving the transparency of the tax system. As a result, the personal income tax has been unified at a relatively moderate rate and the administration of this tax has been digitalized through electronic reporting systems. These reforms have expanded the base of taxpayers and increased voluntary tax compliance.

According to the tax legislation currently in force, personal income tax is imposed on income earned by individuals from various sources, including employment, entrepreneurial activity, property transactions, dividends, and other financial operations. Both residents and non-residents who receive income connected with Uzbekistan fall within the scope of this tax obligation. The composition of taxpayers is therefore diverse and reflects the structure of the national economy, including employees, individual entrepreneurs, investors, and property owners. Studying the composition of personal income taxpayers is important for understanding the effectiveness of fiscal policy and identifying potential directions for improving tax administration.

The aim of this research is to analyze the composition of personal income taxpayers in the Republic of Uzbekistan and evaluate their role in the national tax system.

LITERATURE REVIEW

The issue of personal income taxation and the composition of taxpayers has been widely studied in economic theory and public finance literature. Researchers emphasize that personal income tax serves not only as a fiscal instrument for generating government revenue but also as an important mechanism for regulating income distribution, supporting social justice, and stimulating economic development. Classical economic theories consider taxation as a necessary instrument for financing public goods and maintaining the functioning of the state. In the works of Adam Smith, taxation principles such as fairness, certainty, convenience, and efficiency were formulated. These principles remain fundamental for modern tax systems, including the taxation of individual incomes. Smith argued that citizens should contribute to public expenditures in proportion to their abilities, which forms the conceptual basis of personal income taxation.

Later developments in public finance theory significantly expanded the understanding of taxation mechanisms. Richard Musgrave examined the role of taxation within the broader framework of fiscal policy and identified the allocative, distributive, and stabilization functions of government finances. According to Musgrave, personal income tax is one of the most effective tools for implementing redistributive fiscal policy and reducing income inequality. Modern scholars also highlight the importance of personal income taxation in ensuring economic stability and social welfare. Studies by Joseph Stiglitz emphasize that well-designed tax systems must balance efficiency and equity. Stiglitz notes that progressive or proportional personal income taxation can contribute to fair income distribution while maintaining incentives for productive economic activity.

In the context of transition economies, the structure of personal income taxpayers reflects the transformation of economic relations and the development of private entrepreneurship. Researchers studying tax reforms in post-Soviet countries emphasize that simplifying tax rates and improving tax administration increase voluntary compliance and broaden the taxpayer base. These conclusions are particularly relevant for Uzbekistan, where major tax reforms have been implemented in recent years. National researchers have also devoted considerable attention to the development of the taxation system in Uzbekistan. In particular, the works of Saidamin Ziyodullaev and Saidmurod Alimuhamedov analyze the theoretical and practical aspects of tax policy reforms, including the modernization of personal income taxation. Their studies emphasize that reducing tax rates and improving tax administration increase the transparency and efficiency of the tax system.

Scientific literature also highlights the importance of distinguishing between resident and non-resident taxpayers in accordance with international taxation principles. Modern tax systems apply the principle of worldwide income taxation for residents and source-based taxation for non-residents. This approach ensures fairness and prevents tax avoidance in cross-border economic activities. In addition, contemporary research pays special attention to the role of digital technologies in tax administration. The introduction of electronic tax reporting, online taxpayer services, and automated monitoring systems has significantly improved tax compliance and reduced administrative costs. In Uzbekistan, the digitalization of tax administration has become one of the key directions of tax policy reform. Thus, the analysis of existing scientific literature shows that personal income taxation remains a central element of modern fiscal policy. Scholars widely recognize that the effectiveness of this tax depends on the structure of taxpayers, the transparency of tax administration, and the balance between fiscal efficiency and social fairness. These theoretical approaches provide a solid conceptual foundation for analyzing the composition of personal income taxpayers in the Republic of Uzbekistan.

METHODOLOGY

The research is based on qualitative and analytical methods used in economic and legal studies. The primary methodological basis of the study consists of the provisions of the Tax Code of the Republic of Uzbekistan, presidential decrees regulating tax policy, and other legislative documents adopted in recent years. Comparative analysis was applied to examine the classification of taxpayers and the types of income subject to taxation. Normative-legal analysis allowed the identification of the legal framework defining the obligations of individuals as taxpayers. Statistical analysis was also used to assess the fiscal importance of personal income taxation within the state budget.

The study additionally draws upon scientific literature on taxation theory and public finance, which provides conceptual explanations of the role of personal income tax in modern economic systems. These approaches made it possible to evaluate the structural composition of taxpayers and identify the main categories of individuals participating in the taxation process.

RESULTS

The analysis of current tax legislation demonstrates that the composition of personal income taxpayers in Uzbekistan includes several major categories of individuals depending on their legal status and sources of income. One of the primary groups consists of resident individuals. Residents are persons who permanently reside in Uzbekistan or stay in the country for a significant period during the tax year. These individuals are taxed on their worldwide income regardless of the location where the income is generated. Another important category includes non-resident individuals who receive income from sources within Uzbekistan. Although they do not reside permanently in the country, they are subject to taxation on income earned

within its territory. This approach corresponds to international taxation principles and ensures fairness in the distribution of tax obligations.

A large portion of personal income taxpayers consists of employees receiving wages and salaries. Employment income includes all payments received under labor contracts or civil agreements, such as salaries, bonuses, allowances, and compensation payments. In this case employers usually act as tax agents and withhold personal income tax from employees' remuneration before transferring it to the state budget. Another significant group includes individual entrepreneurs and self-employed persons. These taxpayers generate income through independent economic activities, including trade, services, and small business operations. Depending on their turnover, they may be subject to simplified taxation regimes or other applicable taxes according to national legislation.

Property owners and investors also represent an important category of taxpayers. Income derived from renting property, selling real estate, receiving dividends, or earning interest on financial assets is subject to personal income taxation. Rental income and capital gains are typically taxed at the standard personal income tax rate established by the legislation. Another group includes individuals receiving other forms of income, such as royalties, prizes, or lottery winnings. These categories of income are also included in the taxable base under the current tax rules. The general personal income tax rate applied to most types of income in Uzbekistan is 12 %, while certain categories such as dividends and interest may be taxed at reduced rates. This relatively moderate rate contributes to broad taxpayer participation and simplifies tax administration.

Statistical data demonstrate the fiscal significance of taxes paid by individuals. For example, personal income tax revenues accounted for a substantial share of the state budget, reaching tens of trillions of soums annually and representing an important component of public finances.

DISCUSSION

The composition of personal income taxpayers in Uzbekistan reflects the transformation of the country's economic system from a centrally planned model to a market-oriented economy. The diversification of taxpayers indicates the expansion of private entrepreneurship, investment activities, and labor market development. One of the most important features of the current system is the equal taxation of residents and non-residents with respect to income earned within the country. This principle ensures neutrality and prevents discrimination in the taxation of economic activities. The increasing share of entrepreneurs and self-employed individuals among taxpayers also demonstrates the growth of the private sector. Government policies aimed at simplifying taxation procedures and reducing administrative barriers have encouraged individuals to formalize their economic activities and participate in the official economy.

Another important aspect is the role of employers as tax agents. The withholding mechanism significantly simplifies tax administration by ensuring automatic collection of personal income tax from employees' wages. This system reduces the risk of tax evasion and contributes to stable revenue generation. At the same time, the expansion of digital technologies and electronic tax services has improved transparency and strengthened taxpayers' trust in fiscal institutions. Recent reforms aimed at publishing information about how taxes paid by individuals are used in public spending further enhance accountability and encourage voluntary compliance. Despite these positive developments, certain challenges remain. Informal employment and undeclared income continue to limit the full potential of personal income taxation. Addressing these issues requires continued improvements in tax administration, digital monitoring systems, and taxpayer education programs.

CONCLUSION

The study demonstrates that the composition of personal income taxpayers in the Republic of Uzbekistan is broad and multifaceted. It includes resident individuals, non-resident taxpayers earning income in the country, employees receiving wages, individual entrepreneurs, investors, and property owners. The current taxation system is based on relatively simple rules and moderate tax rates, which contribute to improving compliance and expanding the tax base. The withholding mechanism applied to employment income and the development of digital tax administration have further strengthened the effectiveness of personal income tax collection.

The growing role of individuals in the national tax system indicates the increasing importance of personal income taxation as a source of state budget revenues. At the same time, continued reforms aimed at improving transparency, reducing the shadow economy, and supporting entrepreneurship will further enhance the efficiency of this tax. Future research should focus on analyzing the behavioral responses of taxpayers to tax policy reforms and evaluating the long-term impact of personal income taxation on economic growth and social welfare.

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