

## **PRIORITY DIRECTIONS FOR OPTIMIZATION TAX LOAD IN THE ECONOMY**

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### **ABSTRACT**

*Taking into account the deepening processes of globalization and non-standard economic conditions in the world, a number of measures are being taken to achieve sustainable economic growth by reducing the tax burden on the economy in the context of regulating the economy with taxes, simplifying the tax system, preventing confusion in calculating and transferring taxes to the budget, digitalization accounting and reporting.*

**KEYWORDS:** *Economic Cooperation, Economy, Indicator, Financial Resources, Attracting Investments.*

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### **INTRODUCTION**

In particular, over the past ten years, in 37 industrialized countries of the world and the states of the Organization for Economic Cooperation and Development (OECD), “the total tax burden on the economy has decreased by an average of 0.1 percent and amounted to 33.8 percent”[1].

As part of the optimization of the tax burden in the world, scientific research is being carried out in such areas as taxation of the amount not less than the fixed cadastral value of property, the introduction of the "value added" indicator in the reports submitted by taxpayers.

Priority tasks have been identified in Uzbekistan, such as: “... reducing the tax burden, simplifying the tax system and improving tax administration”[2] and “reducing the level of the tax burden on the economy, as well as eliminating imbalances in the level of the tax burden between economic entities that pay taxes under the simplified and the generally established system of taxation” [3].

### **MAIN PART**

The tax burden, which is an effective indicator of the relationship between taxes and tax subjects, in fact, is characterized primarily by the fact that a certain part of the financial resources of the population and the private sector is alienated in favor of the state. Therefore, the scientific discussion about the expression of the tax burden using quantitative indicators has always been relevant.

The fiscal and regulatory functions of tax relations are important for determining and optimizing the tax burden. The fiscal component of the tax burden is manifested in the fact that it serves to centralize the financial resources of the private sector in the interests of society, meanwhile, the function of regulating public relations is the ability to indirectly influence production processes

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through the tax mechanism. The tax burden can be recognized as a factor that partially restricts the freedom of taxpayers in the economic sphere, and as a kind of “price” for services rendered by the state.

The problem of studying the impact of the tax burden on the national economy is inextricably linked with the search for an economically justified ratio of taxes and fees levied by the state to the gross domestic product. There are many different methodological approaches to calculating the optimal amount of the tax burden as a solution to this problem, and the scientific results obtained are inherently contradictory. At the same time, the variety of scientific approaches and analytical methods opens up wide opportunities for scientific analysis of the problem of the tax burden at the macroeconomic level.

A rational tax system that meets the needs of the state for financial resources does not have a negative impact on the production and business activities of taxpayers, but, on the contrary, has a positive effect on the search for effective ways of doing business. Consequently, the indicator of the tax burden of the taxpayer will be sufficient to assess the quality of the country's tax system.

As the analysis of world practice shows, the tax burden is an important factor in the location of production in the regions of the country, distribution of investments and ensuring the efficient movement of capital. In Uzbekistan, special attention in the integrated socio-economic development of regions in the context of the implementation of a medium-term development strategy is paid to the development and implementation of road maps with the identification of growth points by establishing the specialization of the territory and identifying driver spheres. In the republic, it is advisable to establish the practice of calculating the tax burden in the context of the levels of the economy, in particular, calculating the amount of taxes and payments levied in the regions in relation to the gross regional product.

The indicators of the tax burden affect the social policy of the state. The state, based on the results of this indicator, develops its social policy. Plans spending on defense, security services, education, medicine, science and education. That is, the state provides various services to the population. Due to this, it collects taxes from taxpayers, population and legal entities. At the same time, the essence of the problem lies in determining the optimal level of the tax amount, since the taxpayer wants to receive services from the state in proportion to the taxes paid to the state. Based on this, the state determines the tax burden and returns these funds to taxpayers through spending on the provision of various services.

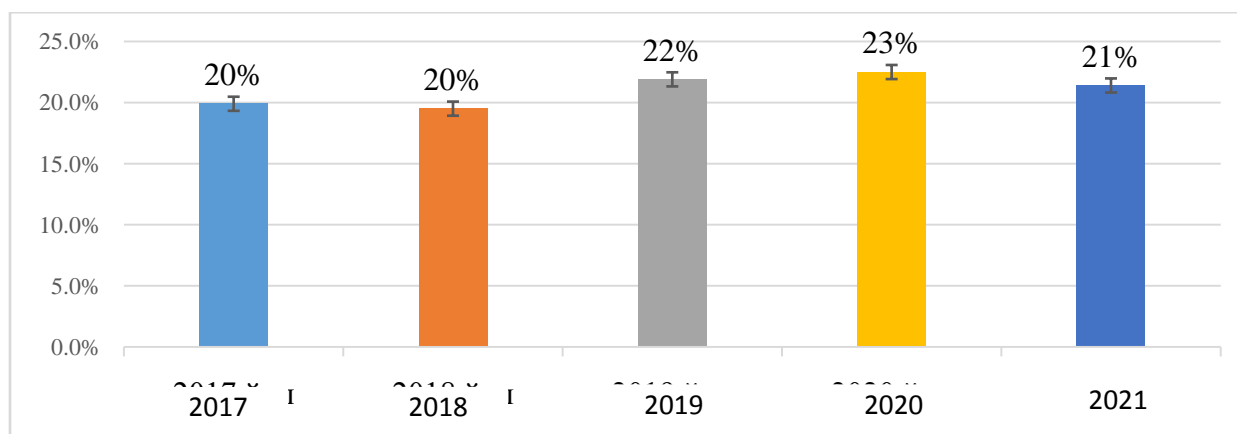
Tax burden indicators are also used to determine the optimal spheres of economic activity of economic entities. They determine the priority directions of capital investments in production. The indicator of the tax burden helps in solving such issues as the development and reduction of production, regulation of the economy, solution of industrial sectoral issues, creation of new jobs, rationing of consumption and savings of business entities, investment orientation. At the macro level, we can divide the tax burden into two parts, that is, the tax burden on the economy as a whole and the tax burden on the population.

As the results of scientific research show, an increase in the tax burden on taxpayers (increase in tax rates, abolition of tax incentives) will initially lead to an increase in tax revenues, but after reaching a peak value, a downward trend begins to appear. As a result, budget revenues will decrease, and a certain part of taxpayers will find themselves in a crisis situation or production

will decrease, while the rest of the taxpayers will evade taxes in various and not always legal ways. The result is a shadow economy.

The impact of the tax burden and tax policy on the macroeconomic situation is so great that the change in the volume of gross domestic product created in the country is directly related to the effectiveness of tax policy. The impact of the tax burden on the macroeconomic situation can be assessed by such criteria as the impact of taxes on aggregate demand and aggregate supply, on the investment climate, consumption, and economic stability.

The dynamics of changes in the tax burden in the republic is analyzed on the basis of the data presented in Fig. 3.



\* it does not include targeted state funds.

**Fig. 1. Dynamics of the tax burden in the Republic of Uzbekistan[4]**

According to fig. 1, the tax burden as of January 1, 2020 is explained by an increase in the number of taxpayers as a result of a decrease in base tax rates as part of tax reforms carried out in the republic. In particular, the number of value added tax payers increased from 4,958 in 2016 to 113,477 in 2020, or by 108,519 over the analyzed period. Also, the number of land tax payers from legal entities increased from 10,300 in 2016 to 155,023 in 2020, or by 144,723 people.

**TABLE 1 CHANGE IN THE NUMBER OF TAXPAYERS FOR CERTAIN TYPES OF TAXES[5]**

| Types of taxes            | 2016 год | 2017 год | 2018 год | 2019 год | 2020 год | Rates of growth (in 2020 compared to 2016) |
|---------------------------|----------|----------|----------|----------|----------|--|
| Value added tax           | 4 958    | 5 617    | 6 796    | 82 405   | 113 477  | + 108 519                                  |
| Income tax                | 5 752    | 6 518    | 7 609    | 53 051   | 113 868  | + 108 116                                  |
| Turn overtax (STP)        | 156 850  | 161 310  | 164 465  | 177 701  | 321 638  | + 164 788                                  |
| Legal entity property tax | 8 213    | 8 987    | 9 261    | 58 334   | 58 856   | + 50 643                                   |

|                              |                |                |                |                |                |                |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Land tax from legal entities | 10 300         | 11 689         | 12 887         | 70 046         | 155 023        | + 144 723      |
| Water resource tax           | 2 936          | 3 187          | 3 443          | 56 024         | 136366         | + 133 430      |
| <b>Total:</b>                | <b>189 009</b> | <b>197 308</b> | <b>204 461</b> | <b>497 561</b> | <b>899 228</b> | <b>710 219</b> |

As can be seen from Table 1, the number of taxpayers for the main types of taxes was 189,009 people in 2016 and 899,228 people in 2020, or the number of taxpayers for the analyzed period increased by 710,219.

In recent years, these tax rates have been reduced by several percent, as the reduction in flat tax rates has had a direct impact on taxpayer income. This, in turn, had a positive effect on the increase in taxpayers' income and their investment activity.

The number of taxes and fees established in accordance with the new edition of the Tax Code of the Republic of Uzbekistan has been reduced from 19 to 15. The rate of corporate income tax is set at 12%, dividend tax –5%, property tax –2%, unified tax payment - 4%. These taxes directly affect the income of taxpayers. The introduction of a single 12 percent tax on personal income had a positive effect on the real income of the population. As a result, wages increased by an average of 6.5 percent and the tax burden on the wages fund decreased.

When implementing tax policy, the tax potential and the tax burden of the regions are interrelated. The study of the distribution of the tax burden by regions is important for determining the directions for the development of regions, the location of production forces, and attracting investments.

The current state of the tax burden by region, calculated using this formula, is shown in Fig. 2.

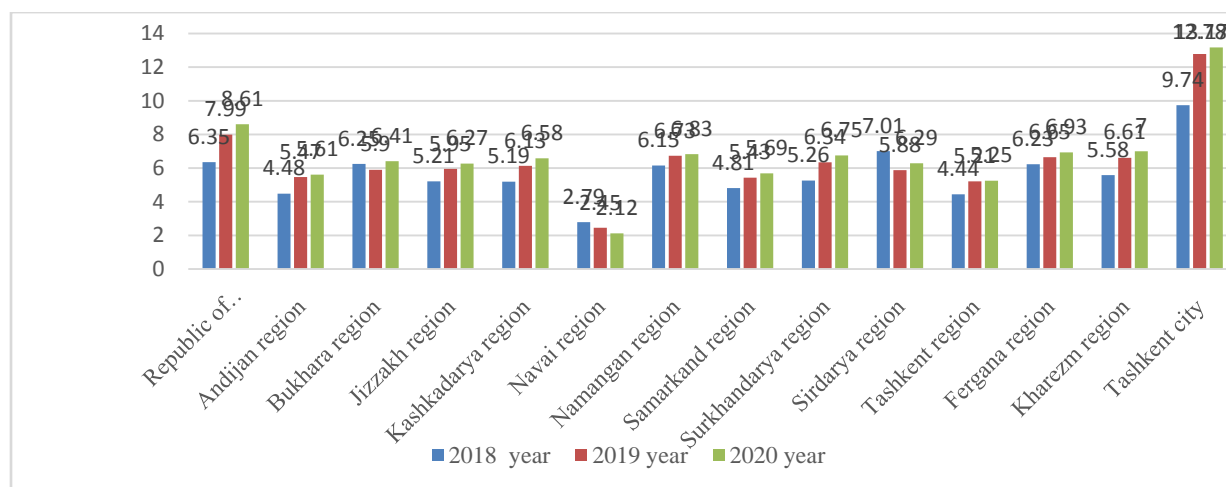


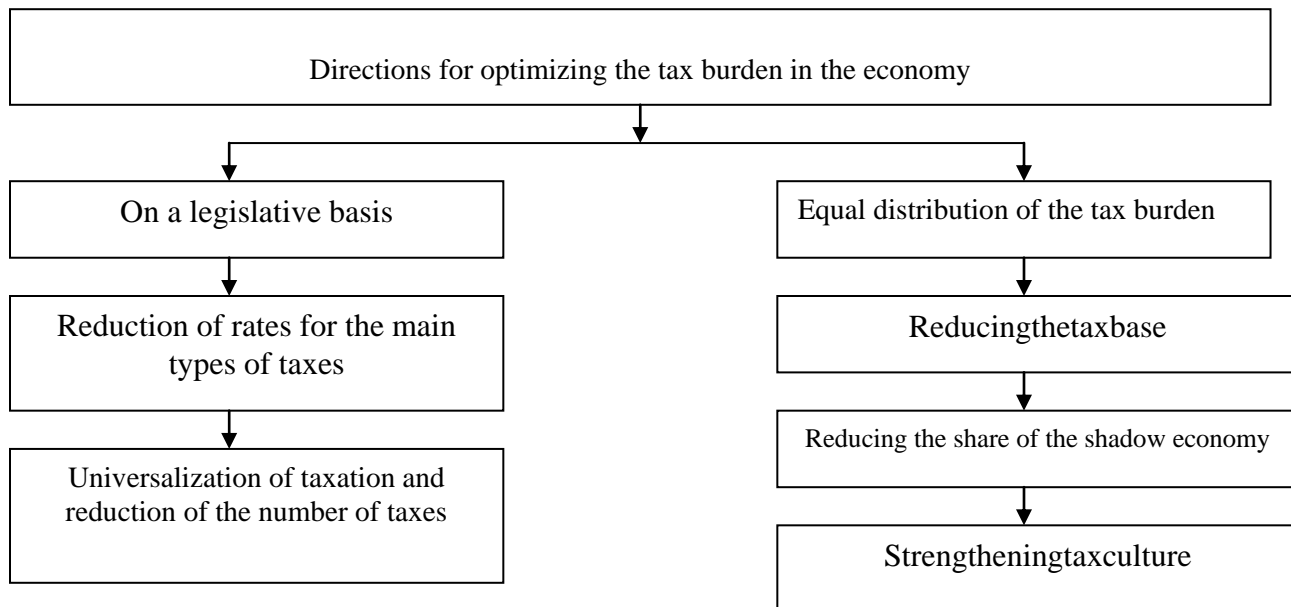
Fig. 2. Dynamics of the tax burden by region, percent[5]

According to fig. 2, the main tax burden is high in 5-6 oblasts, while in other oblasts it is very low. The tax burden in the city of Tashkent in 2018 was 9.74%, and by 2020 it was 13.2%, or increased by 3.43 percentage points. A low level of tax burden is observed in the Navoi region. So, in 2018, the tax burden in this area was 2.79 percent, and by 2020 it fell to 2.12 percent. Also in 2020, a relatively low level of tax burden was recorded in Andijan - 5.61%.

According to the author, the tax burden for business entities in the sectors of the economy differs significantly depending on the tax regime. Also, an analysis of the tax burden in the economy indicates that the tax burden at the macro level differs from the level of individual economic entities operating in the country. That is, contradictory results can be obtained for the industries and spheres, for individual legal entities. If in the economy as a whole, the tax burden is determined by the share of taxes and other payments paid to the state budget in GDP, then by industries and spheres it determines the share relative to the gross value added. At the same time, the average indicator at the macro level can be higher or lower than the average indicator at the meso level.

According to the analysis, the highest level of tax burden falls on the service sector (on average 40.0%) and the information and communication industry (on average 34.0%). That is, the share of taxes and fees paid by these industries in the gross value added is higher than in other industries. Meanwhile, the lowest level of tax burden falls on agriculture, forestry and fisheries (3% on average).

The efficient organization of the tax system and the strengthening of its stimulating role affect the activities of enterprises. In this regard, the simplicity and certainty of the tax system will contribute to the timely and complete fulfillment of their obligations by taxpayers.



**Fig. 3. Priority areas of optimization of the tax burden in the economy[6]**

**CONCLUSION**

In our opinion, when optimizing the tax burden, along with the tax rate, important factors are the taxable base, tax incentives, and the timing of tax payments. An optimal tax burden means that both taxpayers and the state bring equal benefits to the budget. The state, when it sets a certain amount of tax burden, does not aim to have a negative impact on production, but at the same time it must collect funds sufficient to cover the costs of implementing its tasks. No other country in the world has yet found such a level of harmony and optimality. But there are countries that have come close enough to the point of the optimal level of the tax burden.

Priority areas for optimizing the tax burden can be achieved by evenly distributing the tax burden among taxpayers, reducing the tax base and improving the tax culture. A significant share of the shadow economy in the country's GDP also leads to an increase in the tax burden.

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