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## TAX SYSTEM OF UZBEKISTAN IN THE YEARS OF INDEPENDENCE: STAGES OF FORMATION AND DEVELOPMENT

**Abstract:** This article is devoted to the formation of the tax system of Uzbekistan in 1991-2019 and the stages of its improvement, during which one of the main factors of rapid development of the economy of our country is the implementation of the correct tax policy, the consistent continuation of the tax policy aimed at achieving these goals.

**Key words:** Tax, Budget, Tax Policy, Investment, Payment Systems, tax offices, tax code, tax burden, tax deduction.

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### Introduction

The tax system serves to generate revenue for the state and its territories, and to sustain the well-being of the country's population.

Since the first days of independence in Uzbekistan, much attention has been paid to creating an effective tax system and this issue is considered as the most important factor for ensuring the success of socio-economic reforms.

What is the tax itself? Taxes are mandatory fees charged to the state and local budgets at fixed rates from business entities and citizens. The introduction of taxes is directly related to the need to harmonize the financial base of state bodies, business activities, social development, protection of natural resources and the environment [1; p 107].

The collapse of the former Soviet Union with its hierarchically centralized state structure opened the way to the creation of a new economic system—a market economy and the creation of a cost-effective tax system [2, p. 112; 3, p.114].

The economic power of each independent state is generated by the state budget, which is formed on the basis of taxes, in particular its financial system. During the years of independence, the Republic of Uzbekistan was dictated by the liberalization of foreign economic activity and the state's stimulation of the functioning of the tax system as a state institution that contributes to

the achievement of these goals. Implementation of this task was difficult for young Uzbekistan.

As we know from history, the tax system of Uzbekistan has been functioning for almost 130 years as a small part of the Russian tax system. First, the main goal of the tax policy was to replenish the state Treasury for Russia, and then for the countries of the former Union. Only the Central government was given the authority to implement the tax system policy. There were no qualified personnel who would develop tax policy and lay the Foundation for the organization of the tax service.

*Secondly*, the future of our Republic depended to a certain extent on the correct functioning of the tax system. Tax policy in our country, it was necessary to introduce modern methods and principles of tax management, create an integrated system of tax authorities in accordance with market principles.

*Third*, tax policy was developed based on the common interests of this current period. Taking into account the socio-economic and demographic situation in the country, it was necessary to develop a tax policy based on the national public interest, clearly and comprehensively define its goals and objectives, and quickly abandon the method of "shock therapy", which could lead to severe economic and social consequences. From the first day of the state without experience in tax policy, where there will be a

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recession, where it will be possible to achieve success, it was necessary to solve such a serious issue.

From this point of view it is possible to divide the process of forming the system of tax authorities of the Republic of Uzbekistan into four stages:

*The first stage of reforms:* 1991-1997, the period of Uzbekistan aimed at creating its own independent tax system and increasing the Treasury value of taxes, developing a unified organizational basis for the tax system, adapting taxes to the requirements of the market economy and stimulating the production of enterprises.

In this regard, in Ukraine among the CIS countries, too, 1991-1995 was a period of formation and development of the state tax service [3].

Independent activity of tax authorities in the Republic of Uzbekistan after the adoption on June 14, 1991 of the Charter of the Supreme Council of the Republic of Uzbekistan "On state tax authorities of the Republic of Uzbekistan" and the resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 217 "On state tax authorities of the Republic of Uzbekistan" [4, p 163].

The status, basic functions, functions of the State tax service of the Republic of Uzbekistan and organizational basis of its activities established in accordance with the decree of the President of the Republic of Uzbekistan "on the transformation of the Main State tax service under the Cabinet of Ministers of the Republic of Uzbekistan, the State tax service of the Republic of Uzbekistan". Its activities are defined in accordance with the regulations of the Cabinet of Ministers of the Republic of Uzbekistan "About the state tax base of the Republic of Uzbekistan" approved by the decree of the Cabinet of Ministers of the Republic of Uzbekistan "On organization and functioning of the state tax base of the Republic of Uzbekistan", adopted in accordance with this resolution of the Cabinet of Ministers of the Republic of Uzbekistan, acknowledged that the State tax Inspectorate is a state control body in the implementation of tax and customs policy, as well as ensuring the protection of economic interests and property rights of the state [5; Д. 1. 4 в].

To imagine the difficult situation of that time, it is enough to remember that at the beginning of 1991, the state budget deficit of the Republic was formed due to crises. This, in turn, led to the need to create a legal framework for the Tax code aimed at reducing the state budget deficit and strengthening its revenue side [6; p 6].

The law "on taxes from enterprises, organizations and associations", adopted on February 15, 1991, became the first law in the formation of an independent tax system of the Republic. According to him, for the first time, the General principles of the structure and functioning of the tax system were defined, and the procedures for calculating and collecting taxes were established [7].

Since April 1, 1997, in order to further improve and strengthen the tax system of the Republic and regulate the accounting of taxpayers, the State tax administration has introduced a system for issuing and applying taxpayer identification numbers (TIN).

On April 24, 1997, Uzbekistan adopted the first tax code of the Republic of marotaba, which summarizes many documents that were previously used in practice. With the adoption of this document, the relations between taxpayers and tax authorities were settled. The tax code served as the knowledge of kengaitirishga taxpayers, and for tax officials, it became the only working document for effectively solving their tasks.

In July 1997, the NTC was allocated tax and customs duties, and the customs authorities were removed from the tax authorities and merged into a separate structure. The state customs administration of the Republic of Uzbekistan was created.

In accordance with the Law of the Republic of Uzbekistan "On the state tax service" of 29 August 1997 and the resolution of the Cabinet of Ministers of the Republic of Uzbekistan "on issues of organization of the State tax service of the Republic of Uzbekistan" of 12 January 1998, the main functions and functions of tax authorities are defined.

The transition from the old tax system that existed in Soviet times to the new system and its formation is a complex and contradictory process. This was the beginning of a period characterized by a gradual decline in production, on the one hand, a deepening of solvency, a decline in the standard of living of the population, and, on the other hand, the gradual introduction of market regulation, the replenishment of the market with goods and changes in inflation.

This stage is characterized by a decrease in production, high inflation, a deep mismatch of incomes and decline in living standards of population, reduction of unemployment, gradual degradation of culture, science, morality and crime.

*The second stage of its reforms:* it includes the period from 1998 to 2008. This period can be called a period of organizational and legal consolidation and development of the foundations of the tax system, the beginning of an important stage in the field of tax consolidation, comprehensive stimulation of economic entities, their support for activities, improvement of tax policy and liberalization.

For comparison, 2005-2006 in Ukraine was a period of strengthening the positive image of the state tax service.

At this stage, a simplified system for paying taxes to legal entities-taxpayers was introduced, their tax reporting was simplified, and tax payment deadlines were simplified.

Radical changes have taken place in the minds of the population, their way of thinking and worldview, formed on the principles of Communist and Soviet

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ideology, have changed over the years. The tax burden that falls on the shoulders of manufacturing industries and enterprises is steadily decreasing from year to year.

And in his report, I. Karimov noted that the Tax code adopted in 1997 does not meet today's priorities and requirements in the field of economic reforms. Over the past two years alone, more than a hundred changes and additions have been made to the tax legislation. The report recognized that the development of printing houses and approaches tested in practice in the field of taxation, the use of best practices of other countries in this regard is extremely important, and the tax system should not only be able to collect taxes, but also, first of all, encourage their application. [8; 89 6].

On this basis, the task was set to prepare the Tax code of the Republic of Uzbekistan in a new version based on the decree of the First President of the Republic of Uzbekistan dated January 7, 2005. To this end, law No. 136 "on approval of the Tax code of the Republic of Uzbekistan" was adopted on December 25, 2007. With this law, the new version of the tax code of the Republic of Uzbekistan was adopted and entered into force on January 1, 2008.

But in addition to the successes achieved at this stage, there were also drawbacks. Laws, decrees and regulations issued in most cases remain on paper, with obvious positive changes in the eyes.

*The third stage of reforms:* policies aimed at improving the tax system, facilitating and unifying the tax burden, simplifying and simplifying the tax system, reducing the tax burden, providing benefits on tax and other issues, and continuing the policy of providing tax benefits, including for 2009-2016. The introduction of interactive tax services involves the provision of tax and statistical reports in electronic form via the Internet.

However, the tax policy implemented in the country in the above three stages has not paid off.

For example, in the tax system rating "tax payments 2010", prepared by the world Bank in conjunction with Price Waterhouse Coopers, Uzbekistan ranked 178th out of 183 countries studied among countries ranked 174-183 in the list of the ten most complex countries of the tax regime.

For comparison, among the CIS and Baltic countries, the situation was as follows: Estonia-38, Latvia-45, Lithuania-51, Kazakhstan-52, Georgia-64, Moldova-101, Russia-103, Azerbaijan-108, Poland-151, Armenia-153, Kyrgyzstan-156, Tajikistan-162, Uzbekistan-178 and Ukraine - 181 places[9].

*The fourth stage of reforms:* 2017 was a period of historical changes in the tax policy of Uzbekistan. On the basis of a critical analysis of all issues, strict disciplinary and personally responsible measures were carried out. The tax base has expanded even more.

In 2017-2021, it is aimed at improving the

regulatory framework for reforms, ensuring the rule of law, and reforming all spheres of life of society and the state, including the tax sphere, which are identified as important tasks in the action strategy for the five priority areas of development of the Republic of Uzbekistan.

The current state of the tax system does not fully meet the requirements of a free market economy. Therefore, the introduction of modern information and communication technologies in the process of tax administration, the effective use of advanced foreign experience in this regard is of great importance.

The main idea of the new tax concept, introduced in 2019, is to reduce the tax burden, use a simple and stable tax system, reduce the tax burden, create more favorable conditions for doing business. The new amended Tax code provides for the promotion of honest taxpayers who are the mainstay of the country's development, while punishing those who do not pay taxes.

According to English expert Chris Welsh, in Britain, the tax and customs Committee is arranged in the same way: "the main task is to maintain the existing system and improve it, and not destroy it with further actions [10].

Continuing the policy of introducing the same fair tax regime for all by reducing the tax burden, the need for the gradual abolition of tax benefits, the abolition of taxes and other charges related to the minimum wage, the President of our country, Mr. President, said that the tax burden on the state budget of the Republic of Uzbekistan will be reduced. Mirziyoyev's merits became very great.

Reducing the tax burden and creating more favorable conditions for doing business is the only way to end the "hidden" economy. Therefore, we need to develop a separate program that provides for effective measures in this direction [11; 18 b] by President Sh. Mirziyoyev.

In fact, representatives of the new generation, who today think in a new way, see their future in connection with the strengthening of democratic values in society, the future of our country in connection with its integration into the world community, come to life.

And this is a reliable guarantee of the inevitability of reforms, the absence of backwardness of radical political, economic, spiritual and educational transformations in our country.

Thus, the first years of independence are characterized by high inflation, a crisis in mutual debts of enterprises, an increase in debt to the budget, a reduction in traditionally high tax procedures in the sector of former state-owned enterprises, and a lack of fair tax payment traditions.

One of the main factors for the rapid development of the economy in our country is the correct tax policy. The correct tax policy, however, provides a solution to such important economic and

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social problems as reducing taxes as a result of economic development, improving the welfare of the population by increasing the volume of exports, increasing investment opportunities for legal entities and individuals, regulating export-import operations, and stabilizing the country's economy. Of course, this

is a very complex and complex process, thanks to which such a result is achieved in one, two or short years. In this regard, our country is subject to consistent continuation of the tax policy aimed at achieving these goals.

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