

SOME ISSUES OF TAX REFORMS DURING THE PANDEMIC IN UZBEKISTAN

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Abstract

The pandemic had a negative impact on the economy of all countries. Various countries are implementing a number of measures to mitigate these negative effects. Among the implemented measures, the work in the tax field is of particular importance. In this thesis, the work carried out in the field of taxation in the context of the pandemic in Uzbekistan is highlighted, the regulatory and legal documents adopted in the field are analyzed, and an attempt is made to study their impact on the economy. Based on the results obtained as a result of the research, conclusions were made and suggestions were given.

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During the coronavirus pandemic, there is a sharp reduction in the volume of production and consumption, disruption of production chains and trade relations, a decrease in the price of raw materials on the world market, and a deterioration of the economic situation.

Countries have been using various economic tools to mitigate the negative consequences of this situation. It can be seen that they focused on small businesses, private entrepreneurs, and self-employed citizens on such measures as providing generous grants, preferential loans, and subsidies.

At the same time, in order to ensure liquidity, some countries are giving incentives to economic entities for delaying taxes, social payments, debts, rent and utility payments. In some cases, measures to reduce taxes or introduce a moratorium on debt payments are also being used. Also, some countries are implementing measures related to procedures for delaying public purchases and payments.

In Uzbekistan, in the context of the pandemic, plans for mitigating its negative consequences on the economy have been developed and are being effectively put into practice. In particular, the government of the country, taking into account the fact that the reforms in the tax sector are of decisive importance in the measures implemented in the context of the pandemic, has been supporting economic entities in every way by giving them various benefits and preferences for all types of taxes. When adopting the country's main financial plan - the state budget, the possibility of a decrease in revenues to the state treasury was taken into account as a result of the concessions and preferences given in the construction sector (Table 1). One of the main conditions for the implementation of such a tax policy is to ensure

that its budget revenues do not decrease sharply.

Table 1 Forecast of revenues of the republican budget of the Republic of Uzbekistan for 2019-2021

billion soums

T/r	Indicators	Years		
		2019	2020	2021
	Total revenues	102 627,6	98 186,1	120 231,7
1.	Direct taxes	29 125,5	25 187,2	32 515,5
1.1	Income tax	15 980,0	19 839,0	26 064,8
1.2	Income tax from individuals	11 367,4	5 348,2	6 450,8
2.	Indirect taxes	47 029,8	52 165,6	60 145,9
2.1	Value added tax	35 993,5	42 992,4	46 955,4
2.2	Excise tax	9 017,5	6 461,2	9 439,3
2.3	Customs duty	2 018,8	2 712,0	3 751,2
3.	Resource fees and property tax	16 906,0	15 340,2	12 919,9
3.1	Subsoil use tax	12 952,1	15 340,2	12 919,9
4.	Other income and other non-tax receipts	9 436,3	5 493,1	14 650,4

Source: Developed by the author.

It should also be noted that despite the plans adopted in our country under the quarantine conditions, tax and other incentives, we can see from the above table that the total income of our republic is increasing. Here is the forecast of the republican budget revenues for 2019, 2020 and 2021. If we look at the total income, we can see that although this indicator decreased by 4.3% compared to 2019, by 2021 it increased by 22.5% compared to 2020. It is also known that direct taxes have a similar situation, that is, the amount of these taxes decreased by 13.5% during 2020, and in 2021 it increased by 29.1%. In particular, although income from profit tax increased by 24.1% and then by 31.4% year-on-year, personal income taxes decreased sharply by 53.0% in 2020 and in 2021, it has increased by 20.6% compared to this year. Now, if we focus on indirect taxes, there is no decline in total revenues, but on the contrary, it has increased by 10.9% over the years, and then by 15.3%, especially excluding customs duties. Value Added Tax revenues initially increased by 19.4%, then decreased by 9.2% in 2021, and Excise tax also sharply decreased by 28.3% in 2020 and then increased by 46.1%, showing a significant impact on the share of total indirect taxes in revenues. It is observed that incomes from another type of tax, resource fees and property tax, have been gradually decreasing by 9.3% and 15.8% from year to year. Finally, it can be seen that the total revenue from other income and other non-tax revenues decreased to 41.8% in 2020, and this figure increased to 166.7% in 2021.

Due to the quarantine and imposed restrictions, the decrease in some production indicators, the temporary suspension of the activities of some business entities may cause tax revenues to be lower than the set forecast indicators.

From this point of view, in order to reduce the negative impact of the somewhat difficult situation and to support the population and economic sectors, a number of regulatory and legal documents listed below were adopted:

- On primary measures to mitigate the negative impact of the coronavirus pandemic and global crisis on economic sectors (March 19, 2020, No. PF-5969);
- On additional measures to support the population, economic sectors and business entities during the coronavirus pandemic (April 3, 2020, No. PF-5978);
- On additional measures to support the population and business entities during the coronavirus

pandemic (April 27, 2020, No. PF-5986);

- On urgent measures to support the tourism industry to reduce the negative impact of the coronavirus pandemic (May 28, 2020, No. PF-6002).

In terms of the content and implementation of the above regulatory legal documents, the main issues envisaged in them in general are that fighting against the spread of the coronavirus infection and ensuring macroeconomic stability, continuous operation of economic sectors and industries in the period of other global threats, foreign economic measures to stimulate activity, provide effective social support to the population, prevent a sharp decrease in the income of the country's population, provide additional support to persons who have lost their main sources of income, to groups of the population in need of social protection, and to business entities - are united under common goals, such as ensuring the implementation of activities.

In accordance with the measures provided for in the adopted legal documents, privileges and preferences were given to business entities, and employees of organizations financed from the State budget of the Republic of Uzbekistan received wages, as well as a continuous flow of pensions, scholarships and allowances, provided lip service.

At the same time, in the regulatory and legal documents on income tax: "For individual entrepreneurs who are forced to stop their activities during the period of quarantine measures, the calculation of the fixed amount of personal income tax and social tax will be suspended, while the tax on the cessation of activity the state tax service authorities are notified through the personal office of the payer and it is not required to submit a certificate of state registration";

"Individuals are given the right to pay interest-free tax on the income received from individuals from renting out their residences to individuals and business entities whose activities have stopped during the coronavirus pandemic. In this case, a number of measures were taken, such as "the amount of deferred payment of personal income tax must be paid in equal installments until April 1, 2021". Also, procedures were established on "increasing the amount of material support paid to an employee, not subject to personal income tax, from 4.22 times to 7.5 times the minimum wage".

In connection with the activities of individual entrepreneurs, "in the period from April 1 to October 1, 2020: - the minimum monthly amount of social tax for individual entrepreneurs will be reduced to 50 percent of the base calculation amount; - the amount of deductions for enterprises engaged in wholesale trade of alcohol products will be reduced from 5% to 3%; - the amount of fees for the right to retail sale of alcohol products for public catering enterprises will be reduced by 25% from the specified amounts"1 and "income from the sale of goods (services) that have ceased operations and (or) to the average monthly amount of the first quarter of this year micro-firms, small enterprises and individual entrepreneurs with a decrease of more than 50 percent should be given the right to defer (pay in installments) the following taxes without interest until October 1, 2020, upon notification of the tax authorities: - to local state authorities without applying for turnover tax, property tax, land tax, tax for using water resources - with the condition of paying them in equal shares for the next 12 months; - on social tax - with the condition of paying it in equal shares for 6 months" were developed and put into practice.

Regarding property and land tax, the regulatory legal documents state that "the period for payment of property tax and land tax by individuals will be extended until October 15, 2020"1 and "land tax collected from legal entities and legal entities are exempted from paying the property tax and apply increased rates of property tax and land tax in relation to unused production areas, non-residential structures, including those identified before April 1, 2020, as well as the procedure for calculating fines and taking compulsory collection measures against the indebtedness caused by the application of increased rates for the specified taxes will be suspended".

Regarding the field of tourism "From April 1 to July 1, 2020, the calculation and payment of the tourist (hotel) fee will be stopped and the people's deputies to the district and city councils of individual organizations whose activities are directly or indirectly related to the tourism sector 30% reduction of fixed amounts of personal income tax for entrepreneurs"¹ as well as "suspension of calculation and payment of tourist (hotel) tax until January 1, 2021" benefits were also introduced.

It can be concluded from the above that unprecedented measures are being taken to fight against the spread of the coronavirus infection on a global scale, including restrictions on the movement of people and stopping the activities of enterprises. This led to a sharp reduction in production and consumption volumes in the largest economies, the derailment of global production chains and trade relations, a decrease in the prices of raw materials in the world financial markets, and a worsening of the economic situation.

During the fight against the spread of the coronavirus infection, it is impossible not to dwell on the importance of changes in the tax field in order to strengthen the social protection of the population and ensure the stability of the economic sectors, as well as to support some economic entities. The measures taken in this regard and the benefits created will mitigate the negative consequences of the pandemic on economic entities. For this reason, each country should develop the necessary measures, reform the tax calculation procedures, and give some benefits, taking into account the crisis period. At the same time, it is necessary to introduce measures such as stopping compulsory collection measures, exemption from payment of certain types of taxes, and implement them in practice on a large scale.

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