THE IMPACT OF TAX POLICY ON ECONOMIC DEVELOPMENT

Abdisharipov Boburbek
Specialist at the International Students Department of Ma'mun University
E-mail: a.boburbek2004@gmail.com
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Abstract: This thesis examines the impact of tax policy on the development of the economy of the Republic of Uzbekistan. The study analyzes the legal foundations of tax policy, its interrelationship with budget policy, the mechanisms of its impact on economic processes, and directions for improving tax policy. The analysis is based on official sources — the National Legislation Database of the Republic of Uzbekistan (lex.uz), the "Open Budget" portal (openbudget.uz), the National Statistics Committee (stat.uz), and the Ministry of Economy and Finance (imv.uz). The research findings show that tax policy has a direct impact on economic development by stimulating entrepreneurial activity, forming an equal competitive environment, and ensuring the stability of budget revenues.

Keywords: tax policy, economic development, tax reforms, entrepreneurial activity, budgetary and tax policy.

Introduction: Tax policy is one of the most important components of the state's economic policy, through which the revenue base of the state budget is formed and economic processes are directly influenced. In accordance with the Tax Code of the Republic of Uzbekistan, this Code regulates relations regarding the establishment, introduction, and cancellation, calculation, and payment of taxes and fees, as well as relations related to the fulfillment of tax obligations.

The Decree of the President of the Republic of Uzbekistan "On additional measures for the further development of the economy and increasing the efficiency of economic policy" defines the maintenance of macroeconomic stability, the implementation of an effective fiscal policy, and the fundamental reform of the taxation system and tax administration as one of the priority tasks for the further development of the country's economy. This indicates that tax policy is directly linked to economic development.

The purpose of this thesis is to analyze the directions of tax policy's impact on economic development based on the National Database of Legislation, the "Open Budget" portal, official documents from the National Statistics Committee, and the Ministry of Economy and Finance.

The Tax Code of the Republic of Uzbekistan is the primary legal document regulating tax relations within the country. The Code establishes that tax authorities cooperate with taxpayers for the purpose of the correct execution of tax legislation, and it is specifically noted that tax authorities are not entitled to create unjustified obstacles to the lawful activities of taxpayers.

The Decree of the President of the Republic of Uzbekistan "On Measures to Further Improve the Criteria for Classifying Business Entities into Categories and Tax Policy and Tax Administration" aims to consistently continue tax reforms aimed at creating favorable conditions for entrepreneurial activity and further improving tax administration. Furthermore, the adoption of this Decree based on proposals made within the framework of open dialogues between entrepreneurs demonstrates the close connection between tax policy and practice.

There is a practice of adopting the Law of the Republic of Uzbekistan "On the Main Directions of Tax and Budget Policy for the Relevant Year" annually, which defines areas such as simplifying business operations, reducing the tax burden, increasing the competitiveness of domestic producers, and indexing tax rates based on the inflation rate. Through this, tax policy is adapted to economic conditions at the annual legislative level.

According to the medium-term Fiscal Strategy posted on the "Open Budget" portal, the main task of tax policy in the medium term is to serve the formation of an equal competitive environment, the development of mechanisms for stimulating entrepreneurial activity and investment, the management of the tax system based on the principles of fairness, and ensuring the stability of budget revenues.

To achieve this goal, several directions have been identified: improving income tax rates based on the principles of fairness; ensuring the integrity and continuity of the value-added tax chain; improving excise tax in accordance with international requirements; and revising resource tax rates to stimulate environmental protection. Long-term goals also include creating equal opportunities for all entrepreneurs, digitalizing and simplifying the tax system, and harmonizing tax and budget policy with the requirements of the World Trade Organization.

The fiscal strategy also defines tasks to expand the coverage of taxpayers by combating the shadow economy, critically reviewing tax and customs benefits that do not have a socio-economic effect, and strengthening their trust by simplifying and digitalizing tax and customs administration for businesses and the population. These measures will serve not only to expand the budget revenue base but also to improve the business environment.

Within the framework of the fiscal strategy, the practice of preliminary assessment of the impact of changes in tax policy on budget revenues has also been introduced. In particular, measures to expand the tax base, study the effectiveness of tax incentives, and abolish ineffective incentives are identified as factors ensuring sustainable growth in budget revenues. This confirms that tax policy is a tool that influences not only the budget but also economic activity as a whole.

Furthermore, ensuring macroeconomic stability through effective public debt management, further improving tax administration, and simplifying relations between taxpayers and tax authorities through the digitalization of the tax system are among the ministry's priority areas. All these areas will ultimately contribute to improving the business environment and supporting economic growth.

The conducted analysis shows that tax policy in the Republic of Uzbekistan is being formed as one of the most important tools for economic development. The legal foundations of tax relations are being strengthened through the Tax Code and relevant decrees, and the Fiscal Strategy published on the "Open Budget" portal clearly defines the medium- and long-term directions of tax policy—the formation of an equal competitive environment, stimulation of entrepreneurship, and ensuring budget stability. Official statistics maintained by the National Statistical Committee allow for the tracking of the results of this policy. Future directions of the Ministry of Economy and Finance, including green taxation and the digitalization of tax administration, indicate the further improvement of tax policy and its positive impact on economic development.

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