

Economic Reasons and Significance of Implementation of Value Added Tax in Uzbekistan

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Abstract: This article shows the importance of the introduction of value added tax in Uzbekistan and its economic reasons.

Keywords: Value added tax, legal entity, taxpayers, goods and services, turnover, tax base.

Added value tax economic category as created total social of the product one part to be is considered she is work is a product . Added value of tax surface coming and social-economic to processes impact reach directly of value creation with it depends .

If the development of the economy of the Republic of Uzbekistan is represented by free market relations, then it is required to be based on the relationship between the state and enterprises, associations and organizations working in the conditions of market relations. Value added tax is a category of economic value that forms a certain economic relationship. Such an economic relationship is expressed by the movement of value. The economic and social essence of value added tax is determined by its sphere of influence. the unique mechanism of its existence and use (conditionality of payment, terms of payment and registration of owners) gives it other features related to the tax method of collection of funds.

Value added tax is distinguished by the fact that it takes a leading place in the structure of taxes in our Republic and affects all economic indicators. It is related to the formation of personal society and production processes. Value added tax plays a major role in the development of the economy of the Republic of Uzbekistan. Due to the value added tax, the export tax has the privilege of being determined and refunded. The value added tax is extremely stable, because the change in the rate does not affect the increase or decrease in revenue . As a reliable and relatively easy-to-understand means of taxation, value added tax, which is a tax, has become of special importance in the framework of tax relations.

The following persons who carry out business activities and (or) sell goods (services) in the Republic of Uzbekistan are recognized as value added tax payers:

1. legal entities of the Republic of Uzbekistan;
2. individual entrepreneurs whose income from the sale of goods (services) exceeded one billion soums during the tax period or who voluntarily switched to paying value added tax;
3. foreign legal entities selling goods (services) in the territory of the Republic of Uzbekistan, if the Republic of Uzbekistan is recognized as the place of sale of goods (services);
4. foreign legal entities operating in the Republic of Uzbekistan through permanent establishments ;
5. on the activities carried out within the framework of the general partnership agreement (joint activity agreement) - a trusted person entrusted with the task of managing the affairs of the general partnership - a participant of the general partnership;
6. Persons transporting goods through the customs border of the Republic of Uzbekistan. These persons are recognized as payers of value added tax according to the customs legislation.

For value added tax are performed by tax agents in the cases and in the order specified in the Tax Code of the Republic of Uzbekistan.

The following are not considered taxpayers:

1. bodies of state power and management - within the framework of the implementation of the tasks assigned to them. In this case, the bodies of state power and management may be recognized as payers of value added tax based on the decision of the President of the Republic of Uzbekistan or the Cabinet of Ministers of the Republic of Uzbekistan;
2. persons paying turnover tax.

Taxpayers are subject to special registration as value added tax payers with tax authorities.

The Cabinet of Ministers of the Republic of Uzbekistan shall determine the order of the following:

issuance of a certificate of registration as a tax payer in the tax authorities;

suspension, restoration, termination or cancellation of the validity of the certificate ;

the certificate was not issued on time or was refused, or the validity of the certificate was suspended, terminated, or canceled, as well as if it was not restored in time;

deregistration as a taxpayer .

The following are subject to taxation:

- 1) turnover on the sale of goods (services), the place of sale of which is the Republic of Uzbekistan ;
- 2) Import of goods into the territory of the Republic of Uzbekistan.

Foreign legal entities operating in the Republic of Uzbekistan through a permanent establishment determine the turnover for the sale of goods (services) based on the activity of such a permanent establishment.

The following are not subject to taxation:

- 1) realization of personal (family) property by an individual entrepreneur that is not related to the implementation of his business activity ;
- 2) transfer of its property to the legal heir (legal heirs) during the reorganization of the legal entity;

- 3) in the case of the transfer of property to the trustee by the founder of the trust management and the expiration of the validity period of the trust management contract, the trustee himself returns the property given to the trust management;
- 4) carrying out operations related to the circulation of national currency or foreign currency (except for numismatic purposes).

for the sale of goods consists of:

- 1) transfer of property rights to goods on a monetary basis, including under a loan agreement for goods;
- 2) free delivery of goods , except in cases where such delivery is economically justified;
- 3) financial lease (leasing) of property;
- 4) delivery of goods on the basis of the terms of payment in installments.

Any activity that differs from the sale of goods, including the following, is considered a turnover for the sale of services:

- 1) providing services on a paid basis;
- 2) provision of free services, including provision of property for free use of the taxpayer, except in cases where provision of such services is economically justified.

Free provision of goods or provision of free services is recognized as economically justified if at least one of the following conditions is met:

- 1) if it is produced for the purpose of performing activities aimed at obtaining income ;
- 2) if it is necessary for the maintenance or development of such business activity and the connection of the expenses with business activity is substantiated;
- 3) if it follows from the provisions of the law .

For the sale of goods (services) :

- 1) providing goods (providing services) as a contribution to the authorized fund (authorized capital) of a legal entity;
- 2) provision of goods (rendering of services) within the framework of such an agreement between the participants of a general partnership agreement (agreement on joint activities);
- 3) delivery of goods (rendering of services) to :
 - a) to the participant when the participant leaves (is removed) from the group of participants of a legal entity, or when his share of participation in a legal entity decreases, or when the participant's share of participation in this legal entity (part of the share) is bought back by a legal entity;
 - b) to the shareholder when the issuing legal entity buys back the shares issued by this issuer from the shareholder;
 - c) to a shareholder or participant when a legal entity is liquidated;
- 4) providing goods produced by the taxpayer for the taxpayer's own needs, rendering services under his own power, the costs of which are not deductible when calculating the profit tax in accordance with Article 317 of this Code ;
- 5) providing goods (providing services) to physical persons against payment of wages or dividends;

- 6) the property (services) owned by the taxpayer, if the tax amount on such property (services) has been fully or partially transferred to the account, to the members of the management body, giving to employees, their family members or other persons for personal purposes unrelated to the taxpayer's business activity (providing services);
- 7) return goods and other property for processing, if the goods and (or) property are not returned in the form of a processing product within the period specified in the contract;
- 8) loss of goods placed in the customs procedure of the free customs territory without payment of tax, in case it is necessary to pay tax in other cases;
- 9) delivery by the seller of containers that are to be returned and used many times, if the container is not returned within the period specified in the contract for the delivery of products in such containers.

Realization or free giving of vouchers giving the right to receive goods (services) is recognized as turnover for the sale of these goods (services).

Currently, the value added tax occupies an important place in the formation of the revenues of the state budgets of the countries belonging to the European Union. In European countries, the role of indirect taxes is higher than in the USA, Japan, Canada, and Australia. The weight of taxes is higher than 40 percent, and in some countries it is 50 percent. The group of countries with this rate higher than 50 percent includes Mexico, Turkey and Korea. In the USA, Japan, Canada and Australia, this figure is 25-30 percent. One of the main reasons why indirect taxes have a high weight in the structure of tax revenues in the countries that are members of the European Union is the generalization of tax rates and the harmonization of the taxation base in these countries. This issue is of practical importance for the Republic of Uzbekistan. The fact is that a significant part of the trade turnover of our country corresponds to the Russian Federation, Ukraine and the Republic of Kazakhstan. Until now, the issue of generalizing the value added tax rates and harmonizing the taxation base between these countries has not been resolved. and it prevents the development of mutual foreign trade relations between these countries.

In the tax system of Uzbekistan, the value added tax has been in force since 1992. This tax is included together with the excise tax instead of the turnover tax and the sales tax. Unlike the turnover tax, this tax is only it is collected from the added value. The value added tax is collected from each stage of the production and trading process

The value added tax rate in the Republic of Uzbekistan was 30% in 1992 and has been changed several times. In particular, 17 percent in 1996, 18 percent in 1997, and a reduced 10 percent rate was set for some types of food products. In 1999, 3 different rates of value added tax (20%, 15% and 0%) were applied in the Republic. mineral fertilizers and fuel, lubricants, and goods sold to diplomatic missions and equivalent missions were taxed at the rate of "0". Since January 1, 2023, the rate of value added tax is in accordance with the Tax Code 12 percent was set accordingly.

Taxation at the zero-level rate is carried out when the following is realized:

1. goods brought out of the territory of the Republic of Uzbekistan for export customs procedure;
2. previously placed under the customs procedure of processing in the customs territory of the Republic of Uzbekistan, goods exported from the territory of the Republic of Uzbekistan and (or) received as a result of processing of goods placed under the customs procedure of processing in the customs territory of the Republic of Uzbekistan (harvest goods (processing products, waste and (or) residues);

3. Congested items taken out of the territory of the Republic of Uzbekistan. For the purposes of this article, fuel and fuel-lubricants necessary to ensure the use of aircraft as specified in the brochure are considered to be packed items;
4. during the transportation of goods brought from abroad, customs transit is directly related to the transportation of goods placed under customs procedure from the customs body at the place of arrival to the territory of the Republic of Uzbekistan to the customs body at the place of departure from the territory of the Republic of Uzbekistan or transportation in transport services;
5. services directly related to international transportation.

In conclusion, it can be said that the value-added tax is in the leading position among all taxes in terms of its contribution to the development of the economy of the Republic of Uzbekistan and stimulates all economic indicators. Value-added tax plays an important role in the development of the economy of the Republic of Uzbekistan, and the reduction of the nominal rate of value-added tax from 15% to 12% from January 1, 2023 will lead to a decrease in prices in the real sector of the economy. The study of the impact of value added tax rate changes on the national economy can be classified according to the following: prices, consumption, production volumes, employment, population welfare, social inequality and economic growth. The effect depends mainly on the behavior of consumers and the level of competition of the economy. If the reaction of the consumers to the price reduction is weak, no good results can be expected from the reforms. On the contrary, that is, if the consumer demand is elastic in relation to the price, production and employment can increase significantly. Therefore, before reforming value added tax rates, it is necessary to create healthy competition in the country.

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