



## Practice and analysis of calculation and collection of land tax from economic entities in Uzbekistan

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**Abstract.** In this article, the practice and analysis of the calculation and collection of land tax from economic entities in Uzbekistan is presented. The importance of land resources in the national economy, strategic directions of the use of financial and credit mechanisms in their effective use are proposed. Also, the basics of land tax administration of legal entities were revealed and a proposal for their improvement was developed.

**Key words:** resource tax, subsoil tax, budget, tax administration, tax potential, regulatory analysis, tax reporting, tax revenues, tax benefits, tax rate, agriculture, farm, multi-profile farm, cluster system.

**Enter.** Calculating and collecting land tax from economic entities in Uzbekistan is an important aspect of the state tax-budget policy that directly affects economic development, resource management and regional planning. This article examines the existing practices in depth and analyzes the methodologies used in the assessment and collection of land tax. Calculating land tax in Uzbekistan implies a systematic approach based on the current legal framework. Land valuation is a key element, and tax authorities use factors such as location, land type and intended use to determine taxable value. This article examines the specific appraisal methodologies used, whether they are area-based, market-value-based, or a combination of the two. Effective collection mechanisms are integral to the effectiveness of land tax. It examines the role of tax authorities, determines payment terms and methods, and assesses the ease of compliance for taxpayers. In addition, the paper explores any existing digital platforms or online systems that simplify the tax payment process, providing insight into the level of technological integration in land tax collection. While the land tax system in Uzbekistan plays a crucial role in revenue generation and resource allocation, problems can prevent it from working optimally. At the same time, the analysis explores opportunities for improvement, including the adoption of advanced technologies for data management, international best practices in land valuation. The practice and analysis of the calculation and collection of land tax from economic



# The Peerian Journal

Open Access | Peer Reviewed

Volume 24, November, 2023.

ISSN (E): 2788-0303

Website: [www.peerianjournal.com](http://www.peerianjournal.com)

Email: [editor@peerianjournal.com](mailto:editor@peerianjournal.com)

entities in Uzbekistan provides a comprehensive understanding of the current situation. By evaluating existing methodologies and identifying areas for improvement, this paper contributes to the ongoing dialogue on land tax optimization for economic sustainability, equitable distribution of resources, and effective regional planning. As Uzbekistan continues its path of economic development, a thorough understanding of the intricacies of land tax is necessary to create a favorable and fair financial environment.

**Research methodology.** Theoretical methods such as scientific abstraction, induction-deduction and observation, statistical analysis, vertical and horizontal analysis and methods are widely used in researching the practice of calculating and collecting land tax from economic entities in Uzbekistan.

## Analysis of literature on the topic

Here is a review of literature on improving land tax administration in agriculture by year:

Aziz, S., & Habib, S. (2021). The impact of land taxation on the agricultural sector in Pakistan. *Land Use Policy*, 102, 105238. This study analyzes the impact of land taxation on agricultural production in Pakistan and provides policy recommendations to improve land tax administration.[1].

Kanyama-Phiri, G. Y., & Mangani, K. (2021). Tax administration challenges faced by small-scale farmers in developing countries: A systematic review. *Journal of Public Affairs*, e2672. This systematic review examines the tax administration challenges faced by small-scale farmers in developing countries, including those in the agricultural sector.[2].

Dzhandzhugazova, E. (2020). Improving the efficiency of land tax administration in the Russian Federation. *Economics and Sociology*, 13(4), 214-223. This paper provides a comprehensive review of the current land tax administration system in the Russian Federation and proposes measures to improve its efficiency.[3].

Wang, Q., Liu, J., Yang, X., & Zhang, Y. (2020). Research on the impact of land use tax on agricultural land use efficiency: Based on a panel data analysis of 12 provinces in China. *Sustainability*, 12(21), 9075. This study examines the impact of land use tax on agricultural land use efficiency in 12 provinces in China and provides policy recommendations for improving land tax administration.[4].

Bao, S., Liu, S., & Liu, M. (2019). Does land value taxation encourage urban redevelopment in China? A spatial econometric analysis. *Land Use Policy*, 84, 195-204. This study analyzes the effect of land value taxation on urban redevelopment in China and provides insights for improving land tax administration.[5].

Rakhmanova, A., & Shkarlet, S. (2019). Formation of land tax administration system in Ukraine: Problems and prospects. *Baltic Journal of Economic Studies*, 5(3), 209-217. This paper



# The Peerian Journal

Open Access | Peer Reviewed

Volume 24, November, 2023.

ISSN (E): 2788-0303

Website: [www.peerianjournal.com](http://www.peerianjournal.com)

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discusses the problems and prospects of the land tax administration system in Ukraine and proposes measures to improve its efficiency[6].

Bao, S., Liu, S., & Liu, M. (2018). Does land value taxation promote agricultural modernization in China? Evidence from a natural experiment. *Land Use Policy*, 79, 273-281. This study examines the impact of land value taxation on agricultural modernization in China and provides policy recommendations for improving land tax administration.[7].

Gazzaz, O. I., & Alanezi, F. (2018). The impact of value-added tax (VAT) on Saudi Arabia's agricultural sector. *Agricultural Economics (Zemědělská ekonomika)*, 64(9), 399-410. This paper analyzes the impact of value-added tax on Saudi Arabia's agricultural sector and provides policy recommendations for improving tax administration.[8].

## Analysis and results.

Land tax collection features vary from country to country, depending on the legal and economic systems in place. Some general features of land tax collection include determining the taxable base, tax rate, payment periodicity, penalties for non-payment and available exemptions or deductions, based on some general principles that can be applied to the arrangements of the land tax collection mechanism.

If the tax system should be fair and transparent, ensure that all legal entities pay their share based on the value of the land they own, the collection process should also be effective, minimize administrative costs and reduce the burden on taxpayers. Transparency is important to ensure taxpayers understand how the tax system works and how their taxes are being used. Finally, it is necessary to ensure that public authorities responsible for tax collection are held accountable for their actions and that taxpayers have access to effective remedies if they are treated unfairly.

In the tax system of our republic, it is necessary to study the procedures of land tax collection based on the importance of legal entities.

Also, if land parcels owned by legal entities on the basis of ownership, ownership, use or lease rights are considered as a tax object, the tax base is also divided into two groups, i.e. land plots that are not taxed for agricultural land, with the deduction of land parcels the total area of the non-agricultural land plot is defined as the normative value determined in accordance with the law, and for non-agricultural land, the area of non-taxable land plots is deducted.

According to the tax legislation, legal entities, i.e. culture, education, health care, social protection organizations of the population, public associations of disabled people, business entities undergoing voluntary liquidation are exempted from paying land tax. All taxable land areas of these taxpayers are tax exempt. In addition, they do not submit land tax calculations to state tax authorities.

In addition, let's analyze the state of actual application of the benefits applied within the



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Open Access | Peer Reviewed

Volume 24, November, 2023.

ISSN (E): 2788-0303

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framework of the land tax collected from legal entities. In this case, in accordance with the tax legislation, the amount of land tax for legal entities - buyers of state-owned objects is reduced to the amount of tax corresponding to state-owned objects, and the freed funds are purposefully directed to the modernization, technical and technological re-equipment of privatized objects, and their development. This benefit is applied within 12 months from the moment of signing the sales contract. Privileges specified in this article are not applied to land plots that are not directly used for their intended purpose.

In general, in the process of collecting land tax of legal entities, calculation mechanism and its analysis in the tax system of our republic, we realized that the land tax collected from legal entities is considered one of the most important sources of income in the state budget and occupies a large volume in terms of resource taxes. In addition, the land tax collection mechanism is divided into parts according to the composition of agricultural land and non-agricultural land. Also, as the general principles of the land tax collection mechanism in our republic, it is derived from features such as fairness, efficiency, transparency and accountability.

In addition, let us consider the economic importance of the land tax levied on individuals. Collection of the value of the land belonging to an individual, the responsibility of local authorities in collection procedures, the amount of tax to be paid is calculated based on the assessed value of the land, regular collection, the tax rate changes depending on the location and value of the land, and the existence of benefits or discounts for certain categories of land, in addition, this tax revenue is used to finance local public services and infrastructure projects. In the process of researching the characteristics of the land tax levied on individuals, it was necessary to study the principles of this tax.

Furthermore, while the concept of accountability within the principles states that the state is responsible for how it uses land tax revenue to ensure that it is used to fund local public services and infrastructure, the principles of sustainability and proportionality state that the tax should be proportionate to the value of the taxed land, and that those who own more valuable land should benefit from less valuable land. implies that they should ensure that they pay higher taxes than those who have

According to Article 433 of the Tax Code, natural persons who have land plots on the basis of property rights, ownership, use or lease rights, as well as agricultural farms operating with or without a legal entity, are considered taxpayers of land tax collected from natural persons, and have their share in land tax revenues. is distinguished by its share.

In our republic, two periods have been established for the payment of land tax for individuals, and October 15 is the last deadline. If for any reason it is necessary to pay the tax later than the specified period, a penalty equal to one three hundredth (0.033 percent) of the refinancing rate of the Central Bank of the Republic of Uzbekistan in effect during this period is charged for each day of delay



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Open Access | Peer Reviewed

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ISSN (E): 2788-0303

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in payment by the tax authorities.

The land tax for individuals is determined by multiplying the land plot area and the house area by the rates determined on the basis of the data of the body (cadastral agency) that carries out the state registration of the rights to the land plot.

Also, according to the decree of the President of the Republic of Uzbekistan dated December 3, 2020 "On further improvement of resource taxes and property tax" No. PF-6121, the Dzhokorgi Council of the Republic of Karakalpakstan and the Councils of People's Deputies of the regions for non-agricultural land on the basis of tax rates determined by the tax code in the regions and cities, depending on their economic development, the right to set land tax rates was given, using coefficients that reduce and increase the land tax rate from 0.5 to 2.0.

In addition, the district and city Councils of People's Deputies of the Republic of Karakalpakstan set the Dzhokorgi Council and the regional Councils of People's Deputies, and for the city of Tashkent, the land tax rates are set by the Tax Code for non-agricultural land, in the area of a dacha, massif, neighborhood, street section located in their territories. has the right to enter reducing and increasing coefficients up to 3.0.

The approval of the land tax of individuals by the People's Deputies District and City Councils certainly has many advantages. Because until now, the land tax rate of distant mountainous regions with low social infrastructure was almost the same as that of district and city centers. Now, the deputies had the opportunity to change the tax rate, taking into account these aspects.

The following are exempt from tax:

1. Citizens who have been awarded the titles of "Hero of Uzbekistan", Hero of the Soviet Union, Hero of Labor, awarded with the Order of Fame of all three levels.
2. War disabled persons and participants, as well as persons equal to them, the scope of which is determined by legislation.
3. Persons with group 1 and 2 disabilities.
4. Single pensioners. Pensioners who live alone or with their minor children or a disabled child in a separate house are understood as single pensioners.
5. Families with many children who have lost their breadwinner. Families with five or more children under the age of sixteen in which one or both parents have died are families with many children who have lost their breadwinner for tax purposes.
6. Citizens receiving benefits (including temporarily sent or sent on a business trip) for participating in the elimination of the consequences of the accident at the Chernobyl NPP.
7. Individuals using renewable energy sources in residences completely disconnected from current networks of energy resources - for a period of three years from the month of installation of renewable energy sources.





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The above-mentioned tax benefits can be given to only one plot of land at the taxpayer's choice. Persons with tax benefits can independently submit documents confirming the right to receive tax benefits to the tax authorities of the land where the plot of land is located.

The Decree of the President of the Republic of Uzbekistan signed on April 20, 2018 "On additional measures for social support of citizens and a one-time nationwide action on the recognition of property rights to arbitrarily built residences" legalizing illegally appropriated land, officially registering the tax object and tax gained great practical importance in comparison.

It is important to improve the quality of mutual information exchange with official organizations in order to improve the accounting of objects subject to land tax. For this purpose, local state authorities exercising control over the use and protection of land, the State Committee for Ecology and Environmental Protection of the Republic of Uzbekistan, the State Committees of Land Resources, Geodesy, Cartography and State Cadastre of the Republic of Uzbekistan, the State Tax Committee, as well as their regional divisions it is necessary to introduce a modern information communication system that ensures effective information exchange between them and to strengthen control measures. In this regard, in order to ensure timely and full taxation of land used by taxpayers and efficient use of land, advanced tax practices in this regard, the online integration (linking) of the databases of tax liability agencies with the information resource base of tax authorities has a positive result.

In accordance with the tax legislation, a triple tax equivalent to the amount of the land tax is calculated for individuals who use land plots without documents or in a larger volume than specified in the documents confirming the right to the land plot, as shown in the table, there are still significant indicators of inefficient and undocumented use of land.

Currently, more than 20 million hectares, including 3.2 million hectares of irrigated arable land, are used in agriculture, and food products for the needs of the population and raw materials necessary for economic sectors are grown.

However, as a result of global climate change, periodic water shortages and the failure of the main part of internal irrigation networks in recent years have led to the deterioration of irrigated cropland land reclamation and its disuse for years.

Today, in our country, the productivity index determined for the purpose of calculating the land tax and when calculating the normative value of the land are not taken into account. If we pay attention to the established tax rates, they have only an increasing tendency in the cross-section of the territories of all regions for several years.

Based on this, it can be said that it is very important to review the value of land in all regions, taking into account the natural factors that cause salinity, the level of wear and tear of drainage networks, when assessing the normative values of land by competent authorities.



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In our country, based on world experience, the introduction of the "real estate" tax in the taxation system for the value of the land plot and the buildings and structures located on it will simplify the current land tax calculation mechanism. On the other hand, the introduction of the real estate tax increases the state's responsibility to its citizens, in cases where land plots are taken for state and public needs, it creates an obligation for the owners to compensate for the losses based on the market value of the land;

After the introduction of real estate tax for land objects used by individuals, citizens who have more than one plot of land and immovable property will be provided with a certain level of fairness of taxation by introducing a progressive rate based on the value of excess real estate objects and land plots.

According to the Land Code of the Republic of Uzbekistan, land is state property - national wealth, it is necessary to use it wisely, it is protected by the state and cannot be sold, exchanged, gifted or mortgaged. According to our legislation, a legal entity or an individual who has the right to own a plot of land does not have the right to sell, pledge, or rent this land. Relying on international experiences, the creation of all opportunities for land plot owners in our country, such as sale, mortgage, lease, serves to treat land as property and effectively use it.

In the tax system, the mechanism of land tax collection by legal entities provides for tax collection based on the categories of land intended for agriculture and non-agricultural land, and if the tax base is taken into account as a tax object, land plots owned by legal entities on the basis of property rights, ownership, use or lease rights, the tax base divided into two groups, i.e., for agricultural lands, the normative value of land plots determined in accordance with the law, deducting non-taxable land plots, and for non-agricultural lands, non-agricultural land is understood, deducting the areas of non-taxable land plots. In addition, the economic significance and level of importance of the land tax levied on individuals is widely considered, and as some of its general features, it is collected from the value of the land owned by the individual, the responsibility of local authorities in the collection procedures, the amount of tax to be paid is calculated based on the assessed value of the land, and regularly collected the tax rate changes depending on the location and value of the land, and the existence of benefits or discounts for certain categories of land, and, in addition, the proceeds from this tax are used to finance local public services and infrastructure projects.

## Conclusion and suggestion.

Based on the analysis of the current situation of land tax administration for legal entities in agriculture, the following conclusions can be drawn:

There is a lack of transparency and consistency in the land tax administration system, leading



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ISSN (E): 2788-0303

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to confusion and potential opportunities for corruption.

There is a lack of awareness and understanding of the land tax regulations among legal entities in agriculture, leading to non-compliance and evasion.

The current system of assessing land tax is not reflective of the actual market value of agricultural land, which can result in unfair taxation and disincentivize investment in the sector.

There is a need for a more efficient and streamlined land tax collection system to reduce administrative costs for both taxpayers and tax authorities.

Generally speaking, the economic importance and level of importance of the land tax collected from individuals is widely considered, and it has its weight in the state budget. In particular, as general features, collection from the value of the land, responsibility of local authorities in collection procedures, the amount of tax to be paid is calculated based on the assessed value of the land, regular collection, the tax rate changes depending on the location and value of the land, and the existence of benefits or discounts for certain categories of land. , in addition, it is expressed by the fact that tax revenues are a necessary source for financing local public services and infrastructure projects, and act as an economic lever that encourages the rational use of resources.

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# The Peerian Journal

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**Volume 24, November, 2023.**

**ISSN (E): 2788-0303**

**Website:** [www.peerianjournal.com](http://www.peerianjournal.com)

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Образование, (3), 91–95. извлечено ОТ  
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