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## EFFICIENT USE OF TAX BENEFITS IS THE BASIS FOR ENSURING ECONOMIC STABILITY

**Kuzieva Nargiza Ramazanovna**

Professor of Tashkent Financial Institute, Doctor of Economics

**Komilov Mirzoxid Mirsobitovich**

State Tax Committee of the Republic of Uzbekistan, Associate Professor of the Center of Excellence at the University, Candidate of Economic Sciences

**Normurzaev Umid Kholmurzaevich**

Center for Professional Development of the State Tax Committee, Doctor of Philosophy (PhD)

**Abstract:** The article discusses the benefits and preferences provided to business entities during a pandemic. This work also discovers the mechanisms of applying benefits and preferences in developed foreign countries, highlights the existing problems develops recommendations for their solution.

**Keywords:** pandemic, budget policy, crisis, budget, tax breaks, tax administration, business entities, tax reporting, tax revenues, tax breaks, taxes, tax rates, preferences, taxes.

**摘要：**本文讨论了在大流行期间为企业实体提供的利益和偏好。这项工作还发现了国外发达国家应用福利和优惠的机制，突出了存在的问题，提出了解决方案的建议。

**关键词：**流行病、预算政策、危机、预算、税收减免、税收管理、商业实体、税收报告、税收收入、税收减免、税收、税率、优惠、税收。

In times of global threats due to the pandemic, all countries need to take urgent measures to ensure macroeconomic stability and uninterrupted operation of economic sectors, stimulate foreign trade, provide social support to their people, prevent a sharp decline in incomes and improve tax policy. is doing.

Governments in Europe, Asia, and the Americas are supporting businesses in economic hardship by offering tax breaks and mandatory payments. In particular, the Austrian government has identified measures to delay the payment of taxes to businesses, to reduce taxes, to strengthen and accelerate the export of goods. In Slovakia, the

deadline for filing tax returns has been set for the abolition of social and medical benefits for self-employed citizens for 3 months and compensation for the next 18 months. The Czech government has delayed the deadline for small businesses and citizens to file and pay income tax returns by 3 months.

An analysis of the structure of measures taken by foreign countries showed that in most cases, the tax benefits and exemptions provided are indirect taxes and resource taxes.

In particular, the emergence of official data on the first outbreak in Uzbekistan on March 15, 2020 will prompt the government to take

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About the authors :Kuzieva Nargiza Ramazanovna

Corresponding author- Email:

measures to prevent its negative impact on the economy and ensure the uninterrupted operation of sectors and industries, stimulate foreign economic activity, support small business and private entrepreneurship. , the mechanism of effective implementation of tax benefits is important in improving the conditions created for them, effective social support of the population, preventing a sharp decline in incomes.

PF-5969 of the President of the Republic of Uzbekistan dated March 19, 2020 "On priority measures to mitigate the negative impact of the coronavirus pandemic and the global crisis on the economy" and April 3, 2020 "On priority measures to mitigate the negative impact on the economy." Decree No. PF-5978 "On Additional Measures for Support" established tax benefits. These decrees stipulate that business entities have the right to defer payment of taxes (in installments) in the order of written application to local authorities and written notification of the tax authorities.

Possibility of interest-free delay (payment in installments) of property taxes, land tax and water use taxes (advance and current payments) by business entities, simplification by local authorities until December 31, 2020 Economic Development and Poverty Reduction in accordance with the conclusions of the Ministry and the territorial departments of the Ministry of Finance for a maximum period of 6 months.

On the basis of the notification of entrepreneurs, the tax authorities have the right to provide interest-free deferral (payment in installments) of the following taxes (advance and current payments) until October 1, 2020:

on turnover tax, property tax, land tax and water use tax - subject to their subsequent payment in equal installments for 12 months;

on social tax - on the condition that it is paid in equal shares for a further 6 months. In accordance with the requirements of the decree, 3442 business entities received 148.4 billion soums. UZS tax payment deadlines have been extended.

Deferred payment of taxes (installment payment) applies to one or more types of taxes at the same time and does not apply to tax liabilities that have arisen (arising) before April 1, 2020.

The right to interest-free deferral (payment in installments) of taxes in the manner of notification of the tax authority was suspended in the event of a pandemic, and revenues from the sale of goods (services) decreased by less than 50% compared to the average monthly amount in the I quarter.

The possibility of interest-free delay in payment of taxes to micro-firms, small businesses and individual entrepreneurs applies to tax liabilities arising after the date of notification.

Information on the amount of advance payments of income tax based on the expected amounts from the 2nd quarter of 2020, repealing the requirements for the calculation of income tax payers on the basis of the previous quarter in accordance with paragraph 15 of the Decree No. PF-5978 of April 3, 2020 entitled to provide.

In case of non-submission or untimely submission of the certificate and detection of cases of abuse of this right (understatement of the amount of advance compared to the previous quarter without objective reasons affecting the sale of goods (services)), the tax authorities were authorized to calculate income tax.

Submission of declarations of total annual income of individuals for 2019 will be extended until August 1, 2020. Taxpayers must submit a declaration of total annual income for 2019 on income specified in Article 393 of the Tax Code

to the tax authority of the place of permanent residence by August 1, 2020 and pay the tax levied on individuals. Pursuant to paragraph 4 of the Decree, from April 1 to December 31, 2020, tour operators, travel agents and entities providing hotel services (accommodation services) in the field of tourism, Uzbekistan Airways JSC and its subsidiaries, airports of Uzbekistan Airports JSC and the joint-stock company and SUE "Uzaeronavigatsiya Markazi" is exempt from land tax and property tax for legal entities, but pays social tax at a reduced rate of 1 percent.

Exemption from land tax and property tax for legal entities is carried out by submitting a tax return on the amount of tax to the tax authorities no later than April 20, 2020. Until this time, the tax authorities will not calculate and (or) collect penalties for tax arrears on the amount of tax assessed in April of this year.

In the period up to December 31, 2020, the turnover of sales of goods (services) does not exceed 1 billion soums per month and VAT payers using electronic invoices have the right to calculate and pay value added tax on a quarterly basis.

Turnovers from the sale of goods (services), which were transferred to full electronic invoicing, for the 2nd quarter of 2020 on line 010 of Annex 1 to the VAT calculation were as follows: in April - 100 million soums, in May - 1500 million soums, in June - 800 million soums. From the end of May, the taxpayer will lose the right to calculate and pay VAT on a quarterly basis and, accordingly, no later than June 20, 2020 will be required to submit a tax return for April and May and pay VAT to the budget. In this case, the tax return for April shall be submitted no later than June 20, which shall not

be considered as non-submission on time in accordance with Article 220 of the Tax Code.

For the period up to December 31, 2020, income determined on the basis of the refinancing rate (base rate) for tax purposes when receiving a loan (financial assistance) without the obligation to pay interest to the lender is not included in the total income of the borrower when calculating income tax and turnover tax will not be filled.

Thus, when calculating the income tax and turnover tax for the above period, the total income does not include the income specified in the fourth part of Article 299 of the Tax Code.

The decree provides for the application of increased rates of property tax and land tax on unused production areas, non-residential buildings, including those identified before April 1, 2020, as well as the calculation and enforcement of penalties for indebtedness arising from the application of increased rates on these taxes. the procedure for taking recovery measures has been suspended.

In accordance with Articles 392 and 408 of the Tax Code, a sole proprietor must submit an application to the body carrying out the state registration of the business entity in order to suspend the fixed amount of personal income tax and social tax during the period of suspension, which in turn is the next business day. until the end of the year, the tax authority at the place of tax registration was required to provide information on the suspension of the individual entrepreneur.

In case of resumption of activity, in accordance with paragraph 5 of the Decree of the President of the Republic of Uzbekistan dated March 19, 2020 No PF-5969, from April 1 to October 1, 2020 the minimum monthly social tax for individual entrepreneurs will be reduced to 50% of the base amount .

In this case, in accordance with paragraph 8 of Article 304 of the Tax Code, there are no tax consequences for payers of income tax and turnover tax, and the provisions of Article 299 of the Tax Code do not apply.

There are no tax consequences even if the lessor and the lessee reach an agreement on non-calculation and non-payment of rent for the use of the property by business entities that are forced to suspend their activities during the period of quarantine measures.

From April 1, 2020, taxpayers will apply the value-added tax benefits provided for in the decisions of the President and the Cabinet of Ministers of the Republic of Uzbekistan without the condition of directing tax-exempt funds to the intended purpose.

VAT exemptions provided for in the resolutions of the President of the Republic of Uzbekistan and the Cabinet of Ministers of the Republic of Uzbekistan until January 1, 2020 are valid until their expiration, but the requirement for targeted use of tax-exempt funds was abolished from April 1, 2020.

The abolition of the condition of directing tax-exempt funds to the specified purposes means the application of VAT exemption for sales of goods (services).

In this case, in accordance with paragraph 3 of the first part of Article 267 of the Code, the amounts of VAT paid by the taxpayer when purchasing goods (services) for the production and (or) sale (rendering of services), the turnover of which is exempt from tax.

In this case, the condition of targeted use of funds exempt from the application of property tax and land tax benefits shall be maintained until the expiration of the period for which such benefits are granted.

Until April 1, 2020, the amount of unused VAT funds will be used for the specified purposes within one year after the expiration of the privilege.

Decree of the President of the Republic of Uzbekistan No. PF-6029 of July 20, 2020 "On additional measures to support the population, businesses, catering, trade and services to reduce the negative impact of the coronavirus pandemic." The main purpose of the Decree is to provide additional support to the population during the Coronavirus pandemic, especially in the field of catering, trade and services, to ensure their income, to accelerate the rehabilitation of these entities, as well as to preserve jobs.

President of the Republic of Uzbekistan March 19, 2020

The grace period for reducing the amount of deductions for enterprises engaged in the wholesale of alcoholic beverages from 5% to 3%, established by the Decree No. PF-5969, has been extended until December 31, 2020. Catering companies were given the right to sell alcohol through delivery. In accordance with the requirements of the decree, from July 1, 2020, the average annual number of employees assigned to public catering establishments was increased from 25 to 50 people. Free installation of light structures on adjacent vacant land plots to provide catering services to consumers by July 1, 2021 in accordance with the temporary requirements for placement, construction and operation established by the Government in connection with the abolition of quarantine restrictions on public catering and had the right to build.

Until July 1, 2021, due to the abolition of quarantine restrictions, entrepreneurs have the right to trade through car dealerships, car dealerships, car parks, tank trucks and trucks

without notifying the state tax service, indicating the time of sale, products and places where parking is not prohibited without a contract with local authorities was given.

Also, temporary requirements for the placement, construction and use of lightweight structures for the provision of catering or leisure services to consumers in public catering establishments were approved. Until January 1, 2021, based on international experience, the operation of seasonal cafes of public catering establishments, as well as the procedure for conducting mobile sales was approved.

The following tax benefits and preferences established by the Presidential Decree No. PF-5996 of May 18, 2020 have been extended until December 31, 2020. Exemptions from property tax and land tax exemptions for markets and shopping malls, cinemas, public catering establishments, public transport enterprises, sports and health facilities, as well as for passenger transportation, household services, premises, including banquets Privileges for legal entities engaged in leasing activities and for micro and small enterprises to reduce the social tax rate from 12% to 1% (legal entities with a state share of 50% or more in the excise tax, state-owned enterprises and the charter capital) except);

Deferral of payment of customs duties and excise taxes on imports of goods (except for consumer goods) for micro and small enterprises engaged in foreign economic activity for a period of not less than one year from the date of application to the customs authorities, subject to subsequent payment of the delayed amount in equal installments within 120 days to present;

Suspend the collection of existing debt on taxes, fines and penalties for violations of tax legislation as of May 15, 2020 in micro and small enterprises.

It can also be noted that, «The analysis and generalization of the existing points of view on the concept of the free economic zone showed that in most definitions the essence of the free economic zone is reduced to a special preferential regime established in any territory. However, in many theoretical papers analyzing the world experience of organizing free economic zones, the latter, as a rule, are defined as an instrument for selectively reducing the scale of state intervention in economic processes. With this approach, this concept covers a wide range of different institutional phenomena, united by the action of the preferential mode of management»<sup>1</sup>.

As of October 1, 2020, a total of 9,771 business entities engaged in markets, catering establishments, weddings, etc. were provided with property and land tax benefits.

Catering companies apply a reduced rate of social tax regardless of the number of employees. In accordance with the requirements of the decree, a reduced social tax rate was applied to 254,926 micro-firms and 1,169,644 employees of small enterprises. Also, in accordance with the requirements of the Decree, the collection of debts of 221,426 business entities was suspended.

Qualification certificates of auditors, realtors, appraisers, actuaries, heads of pharmacies and their branches, employees of tourist organizations and guides (tour guides), foreign language teachers, which expire on March 1,

<sup>1</sup> Kuzieva, N. and others. (2020). Theoretical aspects of the emergence of free economic zones and their role in the economy of

the state. Solid State Technology Volume: 63. Issue: 4, (2020), pp.673.

2020, will be extended until the next qualifying exams.

Profits in terms of non-discriminatory assistance (non-discriminatory assistance) to the Public Charitable Foundation "Mahalla", the Fund "Generosity and Support", the Public Fund "Mercy and Health of Uzbekistan", including their divisions in the Republic of Karakalpakstan, regions, Tashkent, districts and cities tax, value-added tax, turnover tax and personal income tax exemptions will be extended until December 31, 2020.

Also, by the Decree of the President of the Republic of Uzbekistan dated June 19, 2020 "On the abolition of certain tax and customs benefits" PF-6011, a number of tax benefits were abolished. From October 1 this year, the tax exemptions granted by Decree No. PF-6011 in accordance with a number of laws have expired. Including:

- In accordance with paragraph 3 of the Decree of the President of the Republic of Uzbekistan dated October 26, 2016 "On additional measures to activate and expand the activities of free economic zones" PF-4853, tax benefits in the amount of 56.7 billion soums were used (registered in Tashkent region) Quality Device LLC received a tax credit of 8.2 billion soums).

- Decree of the President of the Republic of Uzbekistan dated April 11, 2005 "On additional measures to encourage foreign direct investment"

According to the Decree No. PF-3594, tax benefits in the amount of 8.0 billion soums were used (Nukuselectroapparat, a joint venture registered in the Republic of Karakalpakstan, benefited from tax benefits in the amount of 2.5 billion soums).

- In accordance with paragraph 6 of the Resolution of the President of the Republic of Uzbekistan dated February 21, 2008 No PP-800 "On the establishment of General Motors Uzbekistan with foreign investment" tax benefits in the amount of 6.5 billion soums were used (Sergeli registered in Tashkent) -Avtotexxizmat LLC received a tax exemption from VAT in the amount of 2.3 billion soums).

- In accordance with the Decree of the President of the Republic of Uzbekistan dated September 11, 2017 No PF-3262 "On measures to improve the system of landscaping and architectural landscaping of roads" used tax benefits in the amount of 19.3 billion soums. yol kokalam unitary enterprise benefited from tax exemption in the amount of 863.8 million soums from value added tax)

Decree of the President of the Republic of Uzbekistan dated April 27, 2020 No PF-5986 "On additional measures to support the population and businesses during the coronavirus pandemic" and to provide additional support to businesses:

Until October 1, 2020:

- a) The Public Charitable Fund "Mahalla" of Uzbekistan, the Fund "Sakhovat va Komak", the Public Fund "Mercy and Health of Uzbekistan", including their branches in the Republic of Karakalpakstan, regions, Tashkent, districts and cities, as well as local authorities Individuals included in the list of individuals in need of social support, formed by:

- are considered as deductible expenses in the calculation of income tax on cash and goods (services);

- goods (services) are exempt from value added tax and are not included in the object of taxation on turnover tax;

b) Non-discriminatory assistance (money, goods and services) from the Public Charitable Foundation "Mahalla" of Uzbekistan, the Fund "Sakhovat va Komak", the Public Fund "Mercy and Health of Uzbekistan", legal entities and individuals, if the recipients are local is not considered as income of individuals if it is included in the list of individuals in need of social support, formed by public authorities;

(c) Individuals shall be entitled to interest-free deferred tax on income from the lease of nonresidential premises to individuals and to business entities whose activities ceased during the coronavirus pandemic. In this case, the amount of delay in payment of income tax from individuals must be paid in equal installments until April 1, 2021;

d) the amount of interest income on leasing calculated and leased by leasing companies is not included in the total income for the period in which the delay in the calculation of income tax;

d) the procedure for reimbursement of interest expenses on loans of commercial banks by the State Fund for Entrepreneurship Support will be applied to existing loan agreements of business entities.

In our opinion, given the sharp increase in demand for food products during the quarantine period and a significant decrease in their ability to pay during temporary unemployment, it is necessary to pay more attention to providing additional benefits to manufacturing and trade enterprises, and providing benefits to businesses in economic difficulties.

### **Conclusions and suggestions.**

1. Drip and sprinkler irrigation technologies are proposed to exempt areas that

are currently under cultivation by paying water tax for a period of five years.

2. There are no effective mechanisms of state support for domestic enterprises producing components and equipment for water-saving technologies in agriculture to produce competitive import-substituting products.

Providing subsidies from the state budget to cover part of the investment costs for the production of competitive products that meet world standards of enterprises producing components of water-saving technologies. Manufacturers of water-saving technologies, including drip and sprinkler irrigation equipment, are exempt from paying all types of taxes and fees (except for the single social payment). Introduction of international standardization and certification systems at these enterprises.

3. The structure of tax-exempt turnovers provided for in the first part of Article 243 of the Tax Code of the Republic of Uzbekistan shall be supplemented with paragraph 29 of the following content. Exclusion of paragraph 5 of Article 263, which provides for the taxation of these services at a zero rate. This is due to the fact that these services are tax-exempt turnover in accordance with paragraph 14 of Article 208 of the Tax Code, which is in force until January 1, 2020. Due to the fact that according to the new Tax Code, these services are taxed at a zero rate, as a result of taking into account the VAT paid by airports to suppliers, a negative difference is formed and refunds are prevented from the budget.

4. Article 265 of the Tax Code of the Republic of Uzbekistan. The procedure for calculating the tax In determining the tax base in accordance with Articles 247 - 257 of this Code, the tax amount shall be calculated as a percentage

of the tax base corresponding to the tax rate. We propose to calculate the amount of tax from the tax base of transactions for the sale of goods (services) with an increasing ending, taking into account all changes that increase or decrease the tax base. Because Articles 268 and 270 of the Tax Code stipulate that the amount of taxable turnover at a zero rate is determined by the cumulative end of the calendar year, the calculation of value added tax must be submitted to the state tax service at the place of tax registration. will be required.

5. Introduce the procedure for accounting for VAT paid in the process of purchase of goods (services) purchased by business entities with VAT only at the time of actual sale (resale) of these goods. If we look at the figures, in March 2020, 29.7 thousand enterprises accounted for 2.2 trillion soums of VAT in the procurement process, while these entities sold goods at 1.2 trillion soums of VAT. As a result, 1.0 trillion soums of VAT was deducted from unsold goods and the VAT on the budget was reduced by the same amount.

6. The new version of the Tax Code introduces a procedure for determining the taxable base based on market prices. However, at present, there is no organization that can determine the actual market price of goods and other products and perform a single classification of price setting. This is because there is no organization that can determine the actual market price of goods and other products and perform a single classification of price setting.

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