

## **Ways to Improve Indirect Taxation Mechanisms**

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### **Abstract:**

The article analyses the theoretical and legal basis for improving the mechanisms of indirect taxation of Uzbekistan in the world economy, considers the role of indirect taxes in the recovery and development of the economy in modern conditions, Consider the procedures for calculating and collecting indirect taxes based on the digital economy, as well as the role and functions of indirect taxes in ongoing reforms. Scientific conclusions and proposals on the conducted research and analysis.

**Keywords:** global economy, market economy, digital economy, tax system, indirect taxes, indirect taxation mechanisms.

### **INTRODUCTION**

In today's situation where the mutual political and economic relations of the countries of the world are becoming conflicting, the prospects of improving the economy of Uzbekistan directly depend on the procedures for improving the mechanisms of indirect taxation in the process of commodity-money relations. In the new phase of the reforms implemented in our country, the formation of a free and transparent market economy is set as a priority task, and the importance of the tax instrument, including indirect taxation, is important in ensuring the country's economic development.

Analyzing the reforms carried out to improve the tax system in 2016-2023 and the adopted norms of tax legislation, it can be seen that the tax system is improving in proportion to the economic reforms being implemented in Uzbekistan, and in this process, the mechanisms for calculating and collecting taxes are being organized in a direct relationship to the development of the digital economy. , it is observed that the tax legislation is adapting to international standards and that these reforms are continuing unabated.

At the end of 2016, a new wave of economic reforms began in our country, comprehensive reforms were implemented to create an investment climate for business entities and the population. First of all, the tasks of adapting the existing tax legal documents to international standards were determined, and the newly revised Tax Code adopted by the Law of the Republic of Uzbekistan dated December 30, 2019 No. O'RQ-599 fundamentally changed the mechanisms of indirect taxation. Mechanisms of indirect taxation introduced by the revised tax code played an important role in supplementing budget revenues with necessary financial resources. Financial resources necessary for the budget were effectively collected through indirect taxes, especially in the context of the economic crisis caused by the pandemic.

Now, in the conditions of improving the post-pandemic economy, it is urgent to reduce the damage caused in the process of internal and external economic relations, to ease the socio-

economic relations between the State and the population and business entities, to organize indirect tax calculation and collection mechanisms based on the digital economy, and to implement tax collection procedures. remains. Today, the formation of budget revenues based on the effective application of indirect taxes, which do not significantly affect the financial activities of business entities, has become one of the most important priorities. Therefore, in the ongoing unstable economic conditions, to eliminate the damage to the economy of Uzbekistan, to gradually bring the economy out of the crisis and to find ways to achieve sustainable development, scientific research on improving the mechanisms for calculating and collecting indirect taxes, which are of great importance in the budget revenues, is necessary. The development of conclusions and proposals is one of our priority goals. For this purpose, in today's unstable economic conditions, ways to improve the mechanisms of calculating and collecting indirect taxes have been analyzed, tax-related procedures for ensuring economic development and restoring the activities of business entities have been studied, scientific conclusions and proposals have been developed.

## **ANALYSIS AND DISCUSSION OF RESULTS.**

Since the reforms aimed at improving the country's economy literally serve to effectively organize the tax legislation, more attention is always paid to economic reforms first of all. Therefore, in 2016-2030, medium- and long-term strategic priority directions aimed at economic development were developed in Uzbekistan, in which the goal of introducing effective and inexpensive mechanisms for calculating and collecting indirect taxes based on electronic software products was defined as promising tasks.

The strategic goals of Uzbekistan implemented in 2017-2023 include "strengthening macroeconomic stability aimed at further development and liberalization of the economy and maintaining high economic growth rates, increasing the competitiveness of the national economy, modernizing and rapidly developing agriculture, and continuing institutional and structural reforms to reduce state participation in the economy. actively attract foreign investments to the sectors and regions of our country's economy by protecting the right of private property and further strengthening its priority position, encouraging the development of small business and private entrepreneurship, comprehensive and proportionate socio-economic development of regions, districts and cities, improving the investment environment tasks were defined. In order to ensure the implementation of these priority tasks, first of all, it is necessary to reduce the tax burden, simplify the taxation system, unify taxes, organize indirect taxation based on the digital economy, reduce tax reports, simplify tax legislation, and eliminate contradictions and conflicts in regulatory legal documents in the field of tax relations. it will be necessary to eliminate, strengthen the protection of the rights and legal interests of honest taxpayers, improve the tax administration and implement a number of other encouraging measures. In particular, it is effective to improve the mechanisms of calculation and collection of indirect taxes, which do not affect the financial activity of enterprises, based on electronic software products, in addition to financial support of relevant sectors in the implementation of priority directions in the economy. Because, improving effective mechanisms for calculating and collecting indirect taxes that do not directly affect the financial results of a certain sector or enterprise, in which the rational use of electronic software products provides an opportunity for the economic growth of our country. As a result of practical application of the results of this research, implementation of investment ideas based on effective mechanisms of indirect tax collection, development of sectors that allow for coordination of business areas and creation of new jobs, production of goods that substitute for export and import, elimination of dependence on foreign goods, strengthening of foreign exchange reserves, leading to an increase in gross domestic product, increased tax revenues and other efficiencies. Therefore, although the tax-collecting government is always obliged to increase the amount of taxes, including indirect taxation, in order to collect the necessary financial resources for the budget, it is obliged to apply tax preferences and incentives to the most important priority sectors and industries in order to fulfill this desire. Of course, in this case, it is desirable to improve the mechanism of reasonable

indirect taxation, which represents the interests of both tax-paying business entities and the tax-collecting state. Conducting tax research aimed at this goal is the most urgent issue today. Therefore, in today's conditions of the ongoing coronavirus pandemic, while the unstable activity of production enterprises is being observed, it is more important than ever to improve the mechanisms for calculating and collecting indirect taxes that are relatively cheap and have little impact on the financial result in providing budget revenues with the necessary financial resources.

In accordance with the above-mentioned goals, improvement of indirect taxation mechanisms that stimulate entrepreneurship and collect necessary funds for the budget, in which the use of the latest software products of the digital economy represents the essence of the priorities and projects set by President Sh.M. Mirziyoev.

Improvement of indirect taxation mechanisms serves to align the world with the standards of tax legislation of developed countries. As a result of the tax reforms, the adoption of the revised Tax Code and its implementation from January 1, 2020 created an opportunity to adapt and improve taxation mechanisms to international standards. In the new Tax Code, tax types were condensed (from 13 types to 10 types), tax calculation and collection procedures were unified, tax benefits were rounded up, tax rates were clearly defined in the code, and the procedure for conducting tax control was adapted to the model of developed countries. The results of tax reforms implemented on the basis of priority strategic goals were reflected in the formed structure of budget revenues.

**Table 1 GDP and budget revenues of the Republic of Uzbekistan dynamics of key indicators<sup>1</sup> (billion com)**

| Indicator name         | 2016 year | 2017 year | 2018 year | 2019 year | 2020 year | 2021 year | 2022 year | 2023 year (plan) | Growth in 2022 compared to 2016 (in percent) |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|--|
| Gross domestic product | 242496    | 302537    | 406649    | 511838    | 653546    | 688936    | 839989    | 1068044          | 346.4%                                       |
| budget income          | 41044     | 49685     | 79099     | 112165    | 128460    | 164680    | 199500    | 232107           | 486.1%                                       |
| Tax revenues from this | 36290     | 45955     | 71128     | 97894     | 119653    | 138257    | 159236    | 183443           | 438.8%                                       |
| Indirect taxes         | 21131     | 26134     | 41280     | 46429     | 58556     | 56290     | 73165     | 84516            | 346.2%                                       |
| Direct taxes           | 15159     | 19821     | 29848     | 51465     | 61409     | 81967     | 86071     | 98927            | 567.8%                                       |

From the data of Table 1, it can be seen that the gross domestic product increased in 2016-2022, in particular, the rate of economic growth in 2022 reached 346.4% compared to 2016, and tax revenues in the budget reached 438.8%. These statistical data show that the reforms carried out in Uzbekistan have had a positive effect, and even in the conditions of the unstable global economic crisis caused by the coronavirus pandemic, the size of the gross domestic product has increased, and tax revenues in the budget have increased. During this period, it can be seen that the weight of direct taxes affecting the income of taxpayers has increased more (567.8%) compared to indirect taxes collected from consumers (346.2%) in the volume of tax revenues, charged to the sales value of purchased goods (works, services).

<sup>1</sup> Ўзбекистон Республикаси Молия вазирлигининг расмий интернет сайтларидан ([obdadminka.openbudget.uz](http://obdadminka.openbudget.uz)) олинган маълумотлар асосида муаллиф томонидан тайёрланди.

Based on these analyses, it can be said that the taxation system plays an important stimulating and regulatory role in the implementation of the priorities that determine the macroeconomic stability and development of the country. In the following years, the norms of tax legislation have been completely revised in Uzbekistan, the types of taxes have been condensed and simplified, procedures for encouraging entrepreneurship have been used, and online reporting and filing procedures have been introduced based on the digital economy. This situation has led to ensuring macroeconomic stability, increasing taxable income and, in turn, increasing tax revenues to the budget. In general, it should be noted that as a result of the effectiveness of the carried out reforms, there was a growth rate of macroeconomic indicators in Uzbekistan in 2016-2022. Also, due to the stable growth of the economy of Uzbekistan in these years, macroeconomic growth is also observed in 2023. The presented analytical data prove that comprehensive macroeconomic growth is taking place in 2016-2023 as a result of the reforms carried out in the country based on strategic programs and priorities.

Today, when the investment process is rapidly developing in Uzbekistan and reforms are being carried out to encourage business entities in every way, the rational organization of indirect taxes that do not affect the financial activities of enterprises is of great importance. In particular, the role of the digital economy is becoming important in improving the mechanisms for calculating and collecting indirect taxes. Therefore, conducting extensive research on the role of the digital economy in improving taxation mechanisms, and creating electronic mechanisms for comprehensive regulation of the economy based on indirect taxes, has become a priority.

In today's fast global economy, various complex socio-economic processes, electronic financial frauds and international economic pressures are taking place, so that in these fast and unusual economic and financial processes, quick decisions should be made in order not to sink into the mire of crises in the global economic arena, to maintain stable economic development and to achieve growth. It is desirable to set priorities and coordinate reforms with these priorities. At this point, it is worth saying that the comprehensive financial measures taken in the context of the global economic crisis caused by the catastrophic results of the coronavirus pandemic in 2020-2021, the multifaceted taxation system used will ensure the provision of the necessary financial resources for the state budget of Uzbekistan, the preservation of the economy from large losses, and entrepreneurship. We believe that it allowed its subjects to quickly recover financially.

## **CONCLUSIONS AND SUGGESTIONS**

We believe that the improvement of indirect taxation mechanisms, which have a significant impact on ensuring the stability of economic development in Uzbekistan in the unstable economic conditions of the world, in the implementation of the priority directions related to the tax system, in the formation of budget revenues, and in stimulating the business activities of business entities, will lead to the following effective results:

the concept of electronic government system development within the framework of the project, software products for calculation and collection of indirect taxes will be improved, data transparency will be ensured, prospects for effective use of existing information will be determined;

in the mechanisms of electronic calculation and collection of indirect taxes, the possibilities of ensuring effective mutual cooperation of the state, population and business, integration into the world's electronic space, formation of a single national electronic system and the determination of prospective directions of these works are determined;

defines the main principles and functional tasks of creating a software electronic system of tax calculation and collection mechanisms, an efficient system of complete and timely accounting of indirect taxation bases is created based on electronic software products;

on the basis of electronic software products, due to the complete registration of taxable income and property and the provision of necessary budget revenues, it provides an opportunity to gradually reduce the tax burden for business entities;

collection, processing, storage, transmission of tax information;

to the generation of new methods and digital computer;

creates a rational system of indirect taxation on the basis of technology-based economy, etc.

When defining the priorities of Uzbekistan's economic development and considering the legal basis of macroeconomic stability, ways of improving the mechanisms of indirect taxation, such as those mentioned above, will stimulate the investment activity of business entities and serve the economic growth of Uzbekistan in accordance with the transparency of the tax system.

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