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WAGE CALCULATION SYSTEM IN THE REPUBLIC OF UZBEKISTAN

Annotation: This article examines the wage calculation system in the Republic of Uzbekistan, outlining the key principles, wage structure, and payment methods. It explores the minimum wage regulations, taxation, and deductions applied to salaries, as well as additional bonuses and incentive mechanisms. The article highlights the importance of fair remuneration, timely wage payments, and compliance with labor laws. The insights provided are useful for employees, employers, and policymakers to better understand the country's wage system and ensure transparency and legal adherence in labor relations.

Introduction

The wage payment system plays a vital role in ensuring economic stability and improving the well-being of the workforce in any country. In Uzbekistan, the calculation and payment of wages are strictly regulated by national labor laws, including the Labor Code, presidential decrees, and government resolutions. Fair and timely remuneration for labor is a fundamental principle of the labor legislation, ensuring that employees receive appropriate compensation for their work.

1. Basic Principles of Wage Payment in Uzbekistan

The wage system in Uzbekistan is based on the following key principles:

Minimum Wage Guarantee – Wages must not be lower than the state-mandated minimum wage.

Remuneration Based on Work Volume and Quality – Employees are paid according to their workload and performance.

Additional Pay for Overtime and Night Shifts – Employees working overtime, on night shifts, or during holidays receive extra pay.

Timely Payment of Wages – Employers are required to pay wages on time, without delays.

2. Wage Structure

Wages in Uzbekistan consist of basic and additional components:

Basic Component

Tariff rate or monthly salary – Determined by an employee's position and qualifications.

Payment based on work volume – Wages may be calculated based on the number of hours worked or the quantity of products produced.

Additional Payments and Bonuses

Allowances for work experience and qualifications

Extra payments for hazardous or difficult working conditions

Overtime, night shift, and holiday work compensation

Performance-based bonuses and incentives

3. Wage Calculation Methods

Wages in Uzbekistan are determined using the following methods:

1. Tariff System

Under this system, wages are calculated based on pre-determined tariff rates, which vary according to job complexity, skill level, and industry.

2. Hourly Wage System

This method calculates wages based on the number of hours worked. The formula is:

$$\text{Wage} = \text{Hours Worked} \times \text{Hourly Rate}$$

3. Piece-Rate Payment System

In some industries (e.g., manufacturing), wages are based on the quantity of goods produced.

4. Minimum Wage in Uzbekistan

The minimum wage in Uzbekistan is set by the government and is regularly adjusted to reflect the cost of living. It serves as a baseline for:

Ensuring fair pay for workers

Calculating pensions and social benefits

Determining tax obligations and other financial benchmarks

5. Taxes and Deductions from Wages

Once wages are calculated, certain deductions are applied:

1. Personal income tax (PIT) – 12%

2. Mandatory pension contribution – 4%

3. Social insurance contribution – 0.1%

6. Incentives and Bonuses

Some companies implement incentive systems to motivate employees, including:

Performance-based bonuses

Annual bonuses

Dividends from company profits

Conclusion

Uzbekistan's wage payment system aims to protect workers' rights, ensure fair compensation, and promote economic well-being. Employers must comply with labor laws by calculating and paying

wages correctly and on time. The government also plays a key role in regulating minimum wages, taxes, and pension contributions to maintain a balanced labor market.

By understanding these wage policies, employees can better navigate their rights, and employers can ensure compliance with legal requirements, fostering a fair and transparent labor environment.

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