

**COMPARATIVE ANALYSIS OF THE TAXATION OF LEGAL ENTITIES AND INDIVIDUALS: SIMILARITIES AND DIFFERENCES IN THE CONTEXT OF UZBEKISTAN****Turayev Alijon Akmal ugli**

Acting associate professor of the department of "Investment and Innovations", PhD

[alijon.turayev@mail.ru](mailto:alijon.turayev@mail.ru)**Otabek Turabov Nizomiddin ugli**

Student of Samarkand institute of economics and service

[otabekturobov0@gmail.com](mailto:otabekturobov0@gmail.com)

**Abstract.** This article analyzes the specific similarities and differences in the taxation of legal entities and individuals within the tax system of the Republic of Uzbekistan. The study is based on the provisions of the Tax Code of Uzbekistan, current legislative documents, scientific literature, and statistical data. The research examines the structure of tax obligations, tax bases, rates, and administrative procedures applied to both categories of taxpayers. A comparative analysis reveals that although legal entities and individuals are subject to the same fundamental principles of taxation, their taxation mechanisms differ due to their distinct economic roles and financial structures.

**Keywords:** *taxation system, legal entities, individuals, tax policy, tax administration, corporate taxation, personal income tax, Republic of Uzbekistan.*

**Annotatsiya.** Mazkur maqolada O'zbekiston Respublikasi soliq tizimida yuridik va jismoniy shaxslarni soliqqa tortishning o'ziga xos o'xshashlik va farqli jihatlari ilmiy jihatdan tahlil qilingan. Tadqiqot O'zbekiston Respublikasi Soliq kodeksi, amaldagi qonunchilik hujjatlari, ilmiy adabiyotlar hamda statistik ma'lumotlarga asoslangan holda olib borildi. Unda yuridik va jismoniy shaxslar uchun amal qiladigan soliq majburiyatlari, soliq bazasi, stavkalari hamda soliq ma'murchiligi jarayonlari qiyosiy tahlil qilindi.

**Kalit so'zlar:** *soliq tizimi, yuridik shaxslar, jismoniy shaxslar, soliq siyosati, soliq ma'murchiligi, korporativ soliq, jismoniy shaxslar daromad solig'i, O'zbekiston Respublikasi.*

**Аннотация.** В данной статье проведён научный анализ сходств и различий налогообложения юридических и физических лиц в налоговой системе Республики Узбекистан. Исследование основано на положениях Налогового кодекса Республики Узбекистан, действующих нормативно-правовых актах, научной литературе и статистических данных. В работе рассмотрены структура налоговых обязательств, налоговая база, ставки налогов и особенности налогового администрирования для различных категорий налогоплательщиков.

**Ключевые слова:** *налоговая система, юридические лица, физические лица, налоговая политика, налоговое администрирование, корпоративное налогообложение, подоходный налог, Республики Узбекистан.*

**INTRODUCTION**

The tax system plays a fundamental role in ensuring the stable functioning of the state, financing public services, and regulating economic activity. In modern economies, taxation policies are designed to balance fiscal efficiency with social fairness while stimulating economic development. Within this framework, the taxation of legal entities and individuals constitutes two major components of national tax systems. Although both categories contribute to state revenues, their taxation mechanisms, bases, rates, and administrative procedures often differ significantly due to their distinct economic roles and legal statuses.

In the Republic of Uzbekistan, the taxation system has undergone substantial reforms in recent years aimed at improving transparency, simplifying tax administration, and encouraging

entrepreneurship. These reforms are reflected in the provisions of the Tax Code of the Republic of Uzbekistan, which regulates tax obligations for both individuals and legal entities. The modernization of tax policy has also been linked to broader economic reforms designed to support private sector development, increase foreign investment, and enhance fiscal sustainability.

Legal entities—such as corporations, enterprises, and organizations—are generally taxed based on their profits, turnover, or specific economic activities. Individuals, on the other hand, are taxed primarily on personal income, property ownership, and certain transactions. Despite these structural differences, both groups share common responsibilities within the tax system, including compliance with reporting requirements, timely payment of taxes, and adherence to the legal framework established by national legislation.

Understanding the similarities and differences between the taxation of legal entities and individuals is essential for evaluating the effectiveness of tax policy and improving fiscal administration. Comparative analysis allows policymakers and researchers to identify structural advantages and weaknesses within the system and to develop more efficient mechanisms for tax collection and economic regulation.

This study aims to conduct a comprehensive comparative analysis of the taxation of legal entities and individuals in Uzbekistan. The research examines their similarities and distinctive features within the framework of the national tax system, using legal documents, statistical data, and scientific literature. The findings contribute to a deeper understanding of the role of taxation in economic governance and highlight directions for further improvement of tax policy.

#### **METHODOLOGY**

This research employs a qualitative and analytical research design based on the analysis of legislative documents, statistical data, and scientific publications related to taxation in Uzbekistan. The primary legal source used in the study is the Tax Code of the Republic of Uzbekistan, which defines the principles, structure, and procedures of the national taxation system.

A comparative approach is applied to identify similarities and differences between the taxation mechanisms applied to legal entities and individuals. This method allows for the systematic examination of various aspects of taxation, including tax bases, tax rates, reporting procedures, and administrative requirements. By comparing these elements, the study highlights the institutional characteristics that distinguish the taxation of businesses from that of individuals.

The research also relies on secondary data obtained from official statistical reports published by the State Tax Committee of the Republic of Uzbekistan and the State Statistics Committee. These reports provide quantitative insights into tax revenues, the structure of tax contributions, and the distribution of tax burdens among different economic actors. Such data help illustrate the practical implications of taxation policies and provide empirical context for the analysis.

#### **RESULTS**

The comparative analysis reveals that the taxation of legal entities and individuals in Uzbekistan demonstrates both significant similarities and notable differences in terms of tax structure, obligations, and economic impact.

One of the key similarities lies in the general principles governing taxation. Both legal entities and individuals are subject to the fundamental principles established by the national tax system, including legality, universality, fairness, and transparency. These principles ensure that tax obligations are defined by law, applied equally to taxpayers, and administered through standardized procedures. Both groups must register with tax authorities, maintain financial records where required, and comply with reporting and payment deadlines.

Another common feature is the existence of multiple types of taxes applicable to both categories. For instance, both individuals and legal entities may be subject to property taxes depending on their ownership of real estate or other taxable assets. In addition, both groups can be involved in value-added tax (VAT) systems in certain circumstances, particularly when

individuals engage in entrepreneurial activities or when legal entities conduct taxable transactions.

Despite these similarities, the analysis demonstrates several structural differences between the taxation of legal entities and individuals. The most significant difference concerns the tax base. Legal entities are primarily taxed on corporate profits or turnover derived from economic activities. In Uzbekistan, corporate income tax is imposed on the net profit of enterprises after allowable deductions and expenses. This tax is a major source of state budget revenues and plays an important role in regulating business activity.

Individuals, in contrast, are generally taxed based on personal income. Personal income tax applies to wages, salaries, dividends, and other forms of income earned by individuals. The tax system typically uses a simplified structure compared to corporate taxation, reflecting the different nature of personal financial activities. The objective of personal income taxation is not only fiscal but also social, as it contributes to income redistribution and the financing of public services.

Another difference relates to the complexity of tax administration. Legal entities are required to maintain comprehensive accounting systems, prepare financial statements, and submit detailed tax reports to the relevant authorities. Businesses must also comply with various tax obligations such as value-added tax, corporate income tax, social taxes, and other sector-specific taxes. These requirements increase administrative responsibilities but also allow for more precise tax calculations.

For individuals, tax administration is generally simpler. In many cases, personal income tax is withheld directly by employers and transferred to the state budget. This withholding mechanism reduces the need for individual taxpayers to submit complex reports, thereby simplifying compliance procedures. However, individuals engaged in entrepreneurial activities may face additional reporting obligations similar to those imposed on legal entities.

The analysis also highlights differences in the economic functions of taxation. Taxes imposed on legal entities are closely linked to economic regulation and business development policies. Governments may use tax incentives, deductions, or exemptions to encourage investment, innovation, and job creation. In contrast, the taxation of individuals often focuses on social equity and the redistribution of income within society.

Statistical data from Uzbekistan indicate that a significant share of tax revenues is generated by corporate taxation and value-added tax collected from business activities. At the same time, personal income tax remains an important component of the fiscal system, particularly due to the growth of formal employment and wage incomes in the economy.

## **DISCUSSION**

The findings demonstrate that the differentiation between the taxation of legal entities and individuals reflects broader economic and social objectives of fiscal policy. The structural differences observed in the tax system are not accidental but are designed to accommodate the distinct roles that businesses and individuals play within the economy.

Legal entities are key drivers of production, investment, and employment. Consequently, their taxation mechanisms are designed to capture a share of corporate profits while maintaining incentives for economic growth. Corporate taxation must therefore strike a balance between generating government revenue and preserving a favorable business environment. Excessive tax burdens may discourage investment or encourage tax avoidance, while well-designed tax incentives can stimulate economic development.

The taxation of individuals, on the other hand, is closely linked to principles of social justice and income redistribution. Personal income tax systems are often structured to ensure that individuals contribute to public finances in proportion to their earning capacity. This approach supports the financing of public services such as education, healthcare, and social protection.

Another important issue concerns tax administration and compliance. The more complex nature of corporate taxation requires sophisticated accounting systems and strong institutional

oversight. Effective tax administration is essential to prevent tax evasion and ensure that businesses accurately report their financial activities. At the same time, simplified procedures for individual taxpayers help increase voluntary compliance and reduce administrative costs.

Recent tax reforms in Uzbekistan demonstrate a growing emphasis on digitalization and transparency in tax administration. Electronic tax reporting systems, digital invoicing, and integrated information platforms have improved the efficiency of tax collection and reduced opportunities for informal economic activity. These reforms benefit both legal entities and individuals by simplifying procedures and enhancing trust in the tax system.

The comparative analysis also suggests that further improvements could be made by strengthening coordination between tax policy and economic development strategies. For example, targeted tax incentives could support small and medium-sized enterprises, while progressive personal income taxation could enhance social equity without discouraging labor participation.

### CONCLUSION

The taxation of legal entities and individuals represents two fundamental components of the fiscal system in Uzbekistan. While both categories operate within the same legal framework and share common principles of taxation, their tax obligations differ significantly due to their distinct economic roles and financial structures.

Legal entities are primarily taxed based on corporate profits and economic activities, which requires complex accounting systems and detailed reporting procedures. Their taxation plays a critical role in regulating business activity and generating substantial state revenues. Individuals, by contrast, are mainly taxed on personal income and property ownership, with simpler administrative procedures designed to facilitate compliance.

Despite these differences, both forms of taxation contribute to the broader objectives of fiscal policy, including revenue generation, economic regulation, and social equity. The effectiveness of the tax system depends on maintaining a balanced approach that supports economic growth while ensuring fairness and transparency.

Ongoing reforms in Uzbekistan's tax policy, particularly those focused on digitalization and administrative simplification, demonstrate the government's commitment to improving the efficiency of the taxation system. Continued efforts to harmonize tax policies with economic development goals will further strengthen the role of taxation in promoting sustainable economic growth and social stability.

### REFERENCES

1. Boboqulov, S. B. (2022). Public finance and taxation system in Uzbekistan. Samarkand: Samarkand Institute of Economics and Service Publishing.
2. Musgrave, R. A., & Musgrave, P. B. (2017). Public finance in theory and practice. New York: McGraw-Hill Education.
3. O'zbekiston Respublikasi. (2020). O'zbekiston Respublikasi Soliq kodeksi. Tashkent: Adolat.
4. O'zbekiston Respublikasi Davlat statistika qo'mitasi. (2024). Statistical review of Uzbekistan economy. Tashkent.
5. State Tax Committee of the Republic of Uzbekistan. (2024). Annual report on tax revenues and tax administration. Tashkent.
6. Stiglitz, J. E. (2019). Economics of the public sector. New York: W. W. Norton & Company.
7. World Bank. (2023). Tax policy and economic development in Central Asia. Washington, DC.