

LAND USE TAXATION IN UZBEKISTAN: LEGAL FRAMEWORK, ECONOMIC IMPLICATIONS, AND REFORM DYNAMICS**Turayev Alijon Akmal ugli**

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Abstract. This article examines the legal and economic foundations of land use taxation in Uzbekistan, with particular emphasis on the reforms introduced in 2026. The study analyzes the provisions of the current Tax Code, recent legislative changes, and statistical data to evaluate the role of land tax in the national fiscal system. It is argued that land tax performs both fiscal and regulatory functions by ensuring stable budget revenues and promoting efficient land use. The research also identifies key challenges, including reliance on normative valuation methods and regional disparities in tax burden. The findings suggest that ongoing reforms aimed at indexation and the gradual transition to market-based valuation will improve transparency and efficiency. The article contributes to the broader discussion on tax policy modernization in transition economies.

Keywords: land tax, Uzbekistan, tax policy, land use, fiscal system, tax reform, cadastral valuation

Annotatsiya. Mazkur maqolada O'zbekiston Respublikasida yer solig'ining huquqiy va iqtisodiy asoslari, ayniqsa 2026-yilda amalga oshirilgan islohotlar doirasida tahlil qilinadi. Tadqiqotda amaldagi Soliq kodeksi normalari, so'nggi qonunchilik o'zgarishlari hamda statistik ma'lumotlar asosida yer solig'ining fiskal tizimdagi o'rni baholanadi. Aniqlanishicha, yer solig'i nafaqat byudjet daromadlarini shakllantiruvchi manba, balki yer resurslaridan samarali foydalanishni tartibga soluvchi vosita sifatida ham muhim ahamiyatga ega. Shu bilan birga, normativ baholash tizimiga tayanish va hududlar kesimida soliq yukining farqlanishi kabi muammolar mavjudligi qayd etiladi. Tadqiqot natijalari yer solig'ini bozor qiymatiga yaqinlashtirish va indeksatsiya qilish orqali tizim samaradorligini oshirish mumkinligini ko'rsatadi.

Kalit so'zlar: yer solig'i, O'zbekiston, soliq siyosati, yer resurslari, fiskal tizim, soliq islohoti, kadastr baholash

Аннотация. В данной статье исследуются правовые и экономические основы налогообложения землепользования в Республике Узбекистан с акцентом на реформы 2026 года. В работе анализируются положения действующего Налогового кодекса, последние изменения законодательства и статистические данные для оценки роли земельного налога в национальной фискальной системе. Установлено, что земельный налог выполняет как фискальную, так и регулирующие функции, обеспечивая стабильные бюджетные поступления и стимулируя эффективное использование земельных ресурсов. Вместе с тем выявлены проблемы, связанные с применением нормативной оценки и региональной дифференциацией налоговой нагрузки. Результаты исследования показывают, что проводимые реформы, направленные на индексацию ставок и переход к рыночной оценке, способствуют повышению прозрачности и эффективности системы.

Ключевые слова: земельный налог, Узбекистан, налоговая политика, землепользование, фискальная система, налоговая реформа, кадастровая оценка

INTRODUCTION

Land has historically played a crucial role in Uzbekistan's economic structure, particularly given the country's strong agricultural base and ongoing urbanization processes. In this context, land taxation is not merely a fiscal tool but also an instrument of state policy aimed at ensuring efficient land use, environmental sustainability, and equitable economic development.

Under the current Tax Code, land tax is classified as a mandatory national tax levied on individuals and legal entities that own, use, or lease land plots.

Its importance has grown in recent years due to broader fiscal reforms aimed at reducing dependency on indirect taxes and strengthening local budget revenues. The adoption of the 2026 tax and budget policy framework marked a new phase in Uzbekistan's fiscal evolution. Legislative amendments introduced at the end of 2025 were designed to enhance transparency, stabilize tax burdens, and align taxation mechanisms with macroeconomic conditions.

Furthermore, land tax has gained strategic importance as Uzbekistan intensifies its efforts toward economic liberalization, investment attraction, and regional development. The increasing role of digital governance and open budget initiatives has also contributed to improving taxpayer awareness and accountability. This study seeks to examine the structure, functioning, and implications of land use taxation in Uzbekistan, with particular emphasis on the reforms implemented in 2026.

METHODOLOGY

The research employs a multidisciplinary methodological approach combining legal analysis, economic evaluation, and statistical interpretation.

The primary method is doctrinal legal analysis of the Tax Code of the Republic of Uzbekistan and related нормативно-правовые акты adopted within the framework of the 2026 fiscal policy. Particular attention is given to provisions regulating tax base determination, rate setting, and taxpayer obligations.

In addition, comparative analysis is used to evaluate changes introduced by recent reforms, especially the indexation of tax rates and the introduction of regulatory limits on tax burden growth.

Quantitative analysis is based on official statistical data concerning tax revenues and macroeconomic indicators. For instance, land tax revenues reached approximately 4.8 trillion UZS in 2025, reflecting its growing fiscal significance.

The study also incorporates elements of institutional analysis to assess how administrative practices, such as local coefficient adjustments and digital reporting systems, influence the effectiveness of land taxation.

RESULTS

The analysis demonstrates that the land tax system in Uzbekistan is structured around several interrelated components: taxpayers, tax base, tax rates, and payment procedures.

Taxpayers and tax liability. Land tax is imposed on both individuals and legal entities that possess land rights, including ownership, lease, and permanent use. The universality of this obligation ensures a broad tax base and stable revenue inflow.

Tax base and valuation mechanisms. The tax base is determined based on the characteristics of the land plot, including its category, location, and normative value. In practice, Uzbekistan continues to rely primarily on нормативная (cadastral or normative) valuation, although reforms aim to gradually introduce market-based assessment methods.

Tax rates and differentiation. Land tax rates vary depending on land classification. For agricultural land, the rate remains fixed at approximately 0.95% of the normative value, ensuring predictability for farmers and agricultural enterprises.

For non-agricultural land, rates are more complex and depend on factors such as geographic location, infrastructure availability, and economic activity. Local authorities (Kengashes) are authorized to apply adjustment coefficients, typically within a defined range, allowing adaptation to regional conditions.

2026 reform measures. A key reform introduced in 2026 is the indexation of land tax rates by approximately 7%. This adjustment reflects inflationary trends and ensures that tax revenues maintain their real value without significantly increasing the nominal tax burden. Additionally, legislation limits the growth of tax burden for individuals: land tax for non-agricultural land cannot exceed 1.3 times the previous year's amount, thereby protecting taxpayers from excessive increases.

Payment procedures and compliance. Land tax is typically paid in two installments during the fiscal year, which facilitates cash flow management for taxpayers and ensures regular budget inflows.

Fiscal significance. Land tax constitutes a meaningful share of public revenues. In 2025, it generated approximately 4.8 trillion UZS, contributing to the financing of public services and infrastructure development.

DISCUSSION

The findings highlight that land taxation in Uzbekistan performs both fiscal and regulatory functions. From a fiscal perspective, it provides a stable and predictable source of revenue, which is particularly important for local budgets. Unlike profit-based taxes, land tax is less sensitive to economic fluctuations, making it a reliable component of the tax system. From a regulatory standpoint, differentiated tax rates encourage efficient land use. Higher tax burdens on underutilized or strategically located land create incentives for productive use and investment.

However, several structural challenges limit the effectiveness of the system.

Valuation issues. The continued reliance on normative valuation rather than full market-based assessment leads to distortions in tax burden distribution. In rapidly developing urban areas, cadastral values often lag behind market prices, resulting in under-taxation of high-value land.

Regional disparities. While the use of local coefficients enhances flexibility, it may also create inconsistencies across regions. Differences in administrative capacity and economic conditions can lead to unequal tax burdens, potentially affecting investment decisions.

Administrative efficiency. Despite progress in digitalization and transparency, administrative challenges remain. Accurate land registration, data integration, and enforcement mechanisms are critical for ensuring compliance and reducing tax evasion.

Impact of 2026 reforms. The indexation of tax rates by 7% represents a balanced approach to fiscal adjustment. It allows the government to preserve real revenue levels while avoiding abrupt increases in tax pressure. At the same time, the introduction of caps on tax growth reflects a commitment to social stability and taxpayer protection.

Investment and incentives. Tax incentives, including reduced coefficients and exemptions for foreign investment projects, demonstrate the government's effort to integrate fiscal policy with economic development goals.

Overall, Uzbekistan's land tax system is gradually converging toward international standards, although further reforms are needed to enhance equity and efficiency.

CONCLUSION

Land use taxation in Uzbekistan plays a crucial role in both fiscal policy and land management. The reforms implemented in 2026 mark a significant step toward modernization, particularly through rate indexation, enhanced transparency, and gradual movement toward market-based valuation. The system demonstrates several strengths, including stability, broad tax coverage, and regulatory effectiveness. However, persistent challenges—such as valuation inaccuracies, regional disparities, and administrative inefficiencies—limit its full potential.

Future policy directions should prioritize the development of a unified cadastral system, integration of digital technologies, and transition to market-based valuation mechanisms. Strengthening institutional capacity and ensuring uniform application of tax rules across regions will further enhance the effectiveness of land taxation. In the broader context of economic

reform, land tax will continue to serve as a key instrument for sustainable development, investment attraction, and efficient resource allocation in Uzbekistan.

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