

**DISTRIBUTION OF THE TAX BURDEN ACROSS ECONOMIC SECTORS:
ANALYSIS AND IMPROVEMENT PROSPECTS IN UZBEKISTAN****Turayev Alijon Akmal ugli**Acting associate professor of the department
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Abstract. This article analyzes the distribution of the tax burden across economic sectors in Uzbekistan and examines the mechanisms for improving the efficiency of the national tax system. The research evaluates the structure of tax revenues, sectoral contributions to the state budget, and the role of major taxes such as value-added tax, corporate income tax, personal income tax, and natural resource taxes. Special attention is given to the impact of tax policy on the development of key sectors of the economy, including industry, agriculture, and services. The study also analyzes the institutional framework of taxation based on the current Tax Code of the Republic of Uzbekistan and recent fiscal reforms aimed at improving tax administration and reducing the shadow economy.

Keywords: tax burden, tax system, sectoral taxation, fiscal policy, economic sectors, tax reform, Uzbekistan economy.

Annotatsiya. Mazkur maqolada O'zbekiston iqtisodiyotida soliq yukining tarmoqlar bo'yicha taqsimlanishi tahlil qilinib, milliy soliq tizimini takomillashtirish mexanizmlari o'rganilgan. Maqolada davlat byudjeti daromadlari tarkibi, iqtisodiyot tarmoqlarining soliq tushumlaridagi ulushi hamda qo'shilgan qiymat solig'i, foyda solig'i, jismoniy shaxslar daromad solig'i va tabiiy resurslardan foydalanganlik uchun soliqning roli tahlil qilingan. Shuningdek, soliq siyosatining sanoat, qishloq xo'jaligi va xizmatlar sohalari rivojlanishiga ta'siri o'rganilgan. Tadqiqot O'zbekiston Respublikasining amaldagi Soliq kodeksi va so'nggi yillardagi soliq islohotlari asosida olib borilgan bo'lib, soliq ma'murchiligini takomillashtirish va yashirin iqtisodiyotni qisqartirishga qaratilgan chora-tadbirlar ham ko'rib chiqilgan.

Kalit so'zlar: soliq yuki, soliq tizimi, iqtisodiyot tarmoqlari, fiskal siyosat, soliq islohotlari, soliq ma'murchiligi, O'zbekiston iqtisodiyoti.

Аннотация. В данной статье анализируется распределение налоговой нагрузки по секторам экономики Узбекистана и рассматриваются механизмы совершенствования национальной налоговой системы. В исследовании оценивается структура налоговых поступлений, вклад отдельных отраслей экономики в формирование доходов государственного бюджета, а также роль основных налогов, таких как налог на добавленную стоимость, налог на прибыль, налог на доходы физических лиц и налоги на использование природных ресурсов. Особое внимание уделяется влиянию налоговой политики на развитие ключевых отраслей экономики, включая промышленность, сельское хозяйство и сферу услуг. Исследование основано на действующем Налоговом кодексе Республики Узбекистан и последних налоговых реформах, направленных на совершенствование налогового администрирования и сокращение теневой экономики.

Ключевые слова: налоговая нагрузка, налоговая система, отрасли экономики, фискальная политика, налоговые реформы, налоговое администрирование, экономика Узбекистана.

INTRODUCTION

The tax burden represents the share of national income redistributed through taxes and serves as a key indicator of the effectiveness of fiscal policy and the tax system. In modern economic conditions, the distribution of the tax burden across sectors of the economy plays a

crucial role in ensuring balanced economic development, maintaining fiscal stability, and stimulating investment activity. An optimal distribution of taxation among economic sectors allows governments to mobilize sufficient financial resources while simultaneously supporting sustainable economic growth.

In transition economies such as Uzbekistan, the issue of tax burden distribution is particularly important because the structure of the national economy is undergoing significant transformation. Since the beginning of large-scale economic reforms, Uzbekistan has been implementing a series of institutional changes aimed at liberalizing the economy, improving the investment climate, and modernizing the national tax system. The reform of the tax system has become one of the central elements of economic policy, as taxation directly affects the competitiveness of enterprises and the development of key sectors of the economy. The modern tax system of Uzbekistan is regulated primarily by the Tax Code of the Republic of Uzbekistan, which defines the types of taxes, their calculation mechanisms, and the rights and obligations of taxpayers. According to current legislation, the national tax system includes several major categories of taxes such as corporate income tax, value-added tax, personal income tax, property tax, land tax, social tax, excise tax, and taxes on the use of natural resources.

The tax system also reflects the government's strategy of simplifying tax administration and reducing excessive fiscal pressure on businesses. In particular, reforms implemented in recent years introduced simplified taxation regimes for small businesses and entrepreneurs, while maintaining standard taxation rules for large enterprises and corporations. This approach aims to encourage entrepreneurship and expand the tax base. Another important feature of Uzbekistan's tax system is the relatively moderate tax rates compared to many other countries. For example, the corporate income tax rate is generally set at 15%, while the personal income tax rate is 12%, and the standard value-added tax rate is also 12%. These relatively low and simplified tax rates were introduced as part of major tax reforms aimed at improving compliance and stimulating economic activity.

The role of taxes in the national economy has increased significantly in recent years due to improvements in tax administration and digitalization. According to official statistics, total tax revenues in Uzbekistan reached approximately 199.6 trillion soums in 2024, representing an increase of more than 20% compared with the previous year. The structure of tax revenues indicates that the largest contributions come from corporate income tax, value-added tax, and personal income tax. In 2024, corporate income tax alone generated more than 52 trillion soums, while VAT revenues exceeded 39 trillion soums, demonstrating the significant role of industrial enterprises and consumer markets in forming budget revenues. Despite the positive dynamics of tax revenue growth, the distribution of the tax burden across economic sectors remains uneven. Industrial enterprises and extractive industries contribute a large share of tax revenues due to their higher profitability and capital intensity. At the same time, sectors such as agriculture and small service businesses benefit from various tax incentives and preferential regimes designed to support economic development and employment.

The services sector has become one of the fastest-growing segments of the national economy, and it also receives a significant amount of tax incentives from the government. For example, data from the Tax Committee indicates that service enterprises received the largest share of tax benefits, amounting to more than 25 trillion soums, while taxes paid by the trade and service sectors together exceeded 56 trillion soums during the first nine months of 2025. Such differences in tax treatment across sectors are often justified by economic policy objectives, including the development of priority industries, regional development, and the support of small businesses. However, excessive differentiation may lead to distortions in resource allocation and reduce the efficiency of the tax system.

Another factor affecting the distribution of the tax burden is the structural composition of the national economy. Uzbekistan has historically relied on sectors such as agriculture, mining, and energy, which continue to play a significant role in generating fiscal revenues. However,

recent economic strategies emphasize the diversification of the economy and the development of high-value-added industries such as manufacturing, services, and digital technologies. In this context, studying the sectoral distribution of the tax burden becomes highly relevant. Understanding how taxes are distributed across industries can help identify imbalances in fiscal policy and develop recommendations for improving the efficiency and fairness of the tax system. Therefore, the main objective of this research is to analyze the distribution of the tax burden across economic sectors in Uzbekistan and to develop proposals for improving the effectiveness and balance of the national tax system.

METHODOLOGY

The methodological basis of this research is formed by the theoretical principles of public finance and fiscal policy, which view taxation as an instrument of economic regulation and income redistribution. The study applies an integrated methodological approach that combines theoretical analysis, statistical methods, and institutional assessment to examine the sectoral distribution of the tax burden.

The research relies on several key analytical methods.

The first method is comparative analysis, which allows the comparison of tax contributions from different sectors of the economy. This method was used to evaluate the relative importance of sectors such as industry, agriculture, trade, and services in generating tax revenues. By comparing sectoral tax payments and the level of economic activity within each sector, it is possible to determine the relative tax burden imposed on different industries.

The second method applied in the research is statistical analysis, which focuses on examining the dynamics and structure of tax revenues over time. Statistical data from official national sources and international economic reports were used to analyze the growth of tax revenues, the composition of tax payments, and the contribution of different tax categories to the state budget.

RESULTS

The analysis of tax revenues in Uzbekistan demonstrates that the national tax system relies on a combination of direct taxes, indirect taxes, and resource-related payments. The structure of these taxes reflects both the institutional design of the fiscal system and the structural characteristics of the national economy. One of the most important components of the tax system is value-added tax, which is levied on the sale of goods and services. The standard VAT rate in Uzbekistan is 12%, and it applies to most commercial transactions within the country. VAT is particularly significant because it covers a broad range of economic activities, including manufacturing, trade, and services. As a consumption-based tax, it generates stable and predictable revenues for the state budget.

Another major source of fiscal income is corporate income tax, which is primarily paid by large enterprises operating in industrial, financial, and extractive sectors. The standard corporate income tax rate is 15 percent, although certain sectors and investment projects may receive temporary tax incentives or exemptions. Statistical data show that corporate income tax represents one of the largest components of budget revenues. For instance, in the first half of 2025, corporate income tax revenues reached 22.5 trillion soums, making it the largest individual tax category.

Value-added tax also plays a central role in the formation of budget revenues. During the same period, VAT collections amounted to more than 21 trillion soums, reflecting strong economic activity in sectors such as retail trade, manufacturing, and services. Personal income tax represents another important component of the tax system. This tax is applied to wages and other income earned by individuals and contributes significantly to public revenues due to the expansion of formal employment. Resource-related taxes, including taxes on subsoil use and water resources, are mainly paid by enterprises engaged in mining and energy production. These taxes are particularly important for countries rich in natural resources, as they allow the state to capture a share of the economic rent generated by resource extraction.

Recent data indicate that revenues from subsoil use taxes increased significantly, reflecting both higher production levels and improved tax administration. In the first half of 2025, these revenues grew by more than 23%, reaching 10.3 trillion soums. Another factor influencing tax revenue growth is the digitalization of tax administration. The introduction of electronic fiscal systems has significantly improved tax compliance and reduced opportunities for tax evasion. As a result, tax revenues have increased substantially in recent years.

In addition, efforts to reduce the shadow economy have contributed to expanding the tax base. Since 2019, the share of the informal economy in Uzbekistan has declined significantly due to the introduction of digital monitoring tools and improved tax enforcement mechanisms. Overall, the results of the analysis show that tax revenues in Uzbekistan are increasingly diversified, but certain sectors still bear a larger share of the tax burden than others.

DISCUSSION

The uneven distribution of the tax burden across economic sectors reflects both structural and institutional factors. From an economic perspective, an efficient tax system should balance revenue generation with minimal distortion of economic incentives. One of the key issues identified in this research is the strong reliance on consumption-based taxation. While taxes such as VAT provide stable revenues, they may also impose higher effective tax burdens on sectors with high turnover and relatively low profit margins. Another challenge is the extensive use of tax incentives for specific sectors. Although such incentives are often justified as a means of supporting strategic industries or attracting investment, excessive tax benefits may lead to inefficiencies and distort competition among economic actors.

The services sector provides an illustrative example. While this sector contributes significantly to tax revenues, it also receives the largest share of tax benefits. Such policies may encourage the growth of services but can simultaneously reduce the neutrality of the tax system. International experience suggests that a well-designed tax system should maintain moderate tax rates while minimizing exemptions and preferential regimes. A broader tax base combined with effective administration can generate sufficient revenues without imposing excessive fiscal pressure on specific sectors. Another important issue is the relationship between taxation and economic diversification. Uzbekistan is actively pursuing a strategy of industrial modernization and economic diversification, which requires the development of high-value-added sectors such as manufacturing and technology.

Tax policy can play a crucial role in supporting these strategic objectives. Carefully designed tax incentives for innovation, research and development, and export-oriented industries can stimulate economic growth while maintaining fiscal stability. Furthermore, improving tax administration remains an essential element of tax reform. The continued expansion of digital tax systems and automated monitoring tools can significantly enhance transparency and reduce compliance costs for businesses.

CONCLUSION

The analysis of the distribution of the tax burden across economic sectors in Uzbekistan demonstrates that the national tax system has undergone significant modernization in recent years. Tax reforms aimed at simplifying the system, reducing tax rates, and improving administration have contributed to a steady increase in tax revenues and enhanced fiscal transparency. At the same time, the research indicates that the tax burden remains unevenly distributed among economic sectors. Industrial enterprises and extractive industries contribute a significant share of tax revenues, while agriculture and small businesses benefit from preferential tax regimes.

The current structure of the tax system relies heavily on consumption taxes, particularly value-added tax, which forms a substantial portion of budget revenues. Although this structure provides stable fiscal income, it may also create imbalances in the distribution of tax obligations. To improve the efficiency and fairness of the tax system, several policy directions can be proposed. First, it is necessary to gradually reduce excessive tax incentives that distort

competition between sectors. Second, expanding the tax base through improved tax administration and digital monitoring can increase revenues without raising tax rates. Third, fiscal policy should support the structural transformation of the economy by encouraging innovation, investment, and industrial development. Sector-specific tax analysis should also be conducted regularly to monitor effective tax burdens and identify potential imbalances.

Overall, achieving a balanced distribution of the tax burden across economic sectors is essential for ensuring sustainable economic development, strengthening fiscal stability, and improving the overall efficiency of the national tax system.

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