

**COMPOSITION OF VALUE ADDED TAXPAYERS IN THE REPUBLIC OF UZBEKISTAN****Turayev Alijon Akmal ugli**Acting associate professor of the department  
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**Abstract.** This study examines the composition of value added taxpayers in the Republic of Uzbekistan and analyzes the legal and economic factors determining their participation in the national VAT system. The research is based on the provisions of the current Tax Code of Uzbekistan, legislative reforms implemented within the framework of tax policy modernization, and statistical data related to tax administration. The analysis identifies the main categories of VAT taxpayers, including resident legal entities, individual entrepreneurs exceeding the established turnover threshold, foreign companies operating through permanent establishments, importers of goods, and foreign providers of electronic services. The study highlights the importance of VAT in the formation of state budget revenues and evaluates the impact of recent legislative changes on the expansion of the tax base and improvement of tax administration mechanisms.

**Keywords:** value added tax, taxpayers, tax system, tax policy, Uzbekistan, tax administration.

**Annotatsiya.** Mazkur maqolada O‘zbekiston Respublikasida qo‘shilgan qiymat solig‘i to‘lovchilar tarkibi hamda ularning soliq tizimidagi o‘rni ilmiy jihatdan tahlil qilingan. Tadqiqot jarayonida amaldagi O‘zbekiston Respublikasi Soliq kodeksi normalari, soliq siyosatini modernizatsiya qilishga qaratilgan qonunchilik hujjatlari hamda soliq ma‘muriyatchiligiga oid statistik ma‘lumotlar o‘rganildi. Tahlil natijasida qo‘shilgan qiymat solig‘i to‘lovchilarining asosiy guruhlari – rezident yuridik shaxslar, belgilangan aylanma miqdoridan oshgan yakka tartibdagi tadbirkorlar, doimiy muassasa orqali faoliyat yurituvchi xorijiy kompaniyalar, import qiluvchilar hamda elektron xizmat ko‘rsatuvchi xorijiy kompaniyalar aniqlab berildi.

**Kalit so‘zlar:** qo‘shilgan qiymat solig‘i, soliq to‘lovchilar, soliq tizimi, soliq siyosati, O‘zbekiston, soliq ma‘muriyatchiligi.

**Аннотация.** В данной статье исследуется состав плательщиков налога на добавленную стоимость в Республике Узбекистан и анализируются правовые и экономические факторы, определяющие их участие в национальной системе НДС. Исследование основано на положениях действующего Налогового кодекса Республики Узбекистан, законодательных актах, направленных на модернизацию налоговой политики, а также статистических данных налогового администрирования. В ходе анализа определены основные категории плательщиков НДС, включая резидентные юридические лица, индивидуальных предпринимателей, превышающих установленный порог оборота, иностранные компании, осуществляющие деятельность через постоянные учреждения, импортёров товаров и иностранных поставщиков электронных услуг.

**Ключевые слова:** налог на добавленную стоимость, налогоплательщики, налоговая система, налоговая политика, Узбекистан, налоговое администрирование.

**INTRODUCTION**

Value Added Tax (VAT) is one of the most significant indirect taxes in modern tax systems and plays a crucial role in the formation of public revenues and the regulation of economic processes. The VAT mechanism ensures the taxation of value added at each stage of production and distribution, thereby reducing the cascading effect characteristic of traditional turnover taxes.

In many countries undergoing economic transformation, including the Republic of Uzbekistan, VAT has become a key fiscal instrument supporting the stability of the state budget and promoting transparency in economic relations.

The tax reforms implemented in Uzbekistan over the past decade have significantly modernized the tax administration system and improved the efficiency of tax collection. One of the most important aspects of these reforms has been the development of a comprehensive VAT system aligned with international taxation practices. According to the current tax legislation, VAT is imposed on the supply of goods, works, and services within the territory of Uzbekistan, as well as on imported goods. The standard VAT rate is 12 %, which applies to most taxable transactions within the national economy. The structure of VAT taxpayers represents a fundamental element of the tax system because it determines the scope of taxable economic activities and the effectiveness of tax administration. The composition of VAT taxpayers includes various categories of economic entities such as resident legal entities, individual entrepreneurs exceeding the established turnover threshold, foreign companies operating through permanent establishments, importers of goods, and foreign providers of digital services supplied to consumers within the country.

The transformation of Uzbekistan's economy, particularly the expansion of digital services and international trade, has significantly influenced the composition of VAT taxpayers. Legislative amendments adopted in recent years have expanded the tax base by introducing registration requirements for foreign digital service providers and improving mechanisms for VAT invoice monitoring and electronic reporting. These reforms aim to enhance tax transparency, reduce tax evasion, and integrate Uzbekistan's tax system with global standards of indirect taxation. The purpose of this study is to analyze the composition of VAT taxpayers in Uzbekistan, identify the main categories of taxpayers subject to VAT obligations, and evaluate the institutional and economic factors influencing their participation in the VAT system. The study also examines the implications of recent legislative changes for tax administration and fiscal policy.

#### **LITERATURE REVIEW**

The issue of value added taxation and the composition of VAT taxpayers has been widely studied in economic and legal literature. Scholars emphasize that VAT represents one of the most efficient indirect taxes used to generate stable budget revenues while minimizing distortions in economic activity. In international economic literature, the theoretical foundations of VAT were developed in the works of economists who analyzed consumption-based taxation systems and their influence on economic neutrality. According to the studies of tax policy researchers, VAT is considered a neutral tax because it is collected at each stage of production while allowing businesses to deduct input tax. This mechanism ensures that the final tax burden is ultimately borne by the end consumer rather than intermediate producers.

Researchers studying the taxation systems of transition economies highlight that the introduction and development of VAT significantly improves fiscal capacity and enhances the transparency of business transactions. Studies on the tax reforms of Central Asian countries indicate that VAT plays a critical role in stabilizing public finance and promoting the formalization of economic activity. In the context of Uzbekistan, several scholars have examined the transformation of the national tax system and the gradual improvement of indirect taxation mechanisms. Their research emphasizes that recent tax reforms have simplified the VAT system, reduced tax rates, expanded the tax base, and improved electronic tax administration. Particular attention has been given to the development of digital tax control mechanisms, including electronic invoices and automated monitoring systems.

Legal scholars analyzing the Tax Code of the Republic of Uzbekistan note that the determination of VAT taxpayers is based on several criteria, including the legal status of economic entities, the volume of turnover, and the nature of economic activity. The inclusion of foreign digital service providers and importers within the VAT system reflects international

trends aimed at preventing tax base erosion and ensuring fair competition between domestic and foreign businesses. Overall, the existing literature confirms that the composition of VAT taxpayers is influenced by economic development, legislative regulation, and administrative capacity. At the same time, further research is needed to analyze how ongoing economic reforms and digital transformation affect the structure of VAT taxpayers in Uzbekistan.

### **METHODOLOGY**

The research is based on a combination of qualitative and analytical research methods commonly used in economic and legal studies. The primary method employed in the study is doctrinal legal analysis, which involves a systematic examination of the provisions of the Tax Code of the Republic of Uzbekistan regulating value added taxation. This approach allows for a detailed interpretation of legislative norms determining the categories of taxpayers obliged to register and pay VAT. In addition to legal analysis, the research applies comparative and structural methods to identify the functional characteristics of VAT taxpayers within the broader tax system. Statistical data related to tax administration and fiscal policy reforms have been considered to illustrate the practical significance of VAT in public finance. The analysis also draws upon international tax literature and reports prepared by global tax advisory institutions to compare the Uzbek VAT framework with international practice.

Another methodological approach used in the study is institutional analysis, which focuses on the interaction between tax legislation, economic agents, and administrative mechanisms. This method helps to evaluate how different categories of taxpayers participate in the VAT system and how regulatory changes influence the composition of taxpayers. The research relies on official legislative documents, including the Tax Code of the Republic of Uzbekistan and amendments introduced in connection with the state tax and budget policy for 2026. Academic literature on indirect taxation and fiscal policy has also been used to provide a theoretical foundation for the analysis.

### **RESULTS**

The analysis of the current tax legislation reveals that the composition of VAT taxpayers in Uzbekistan consists of several distinct categories defined by economic activity, legal status, and turnover thresholds. These categories collectively form the institutional framework of the national VAT system. One of the principal groups of VAT taxpayers includes resident legal entities engaged in entrepreneurial activities. Companies conducting business operations in Uzbekistan are required to register as VAT taxpayers once their annual revenue from the sale of goods, works, or services exceeds the threshold established by the tax legislation. Under the current regulatory framework, enterprises whose annual turnover exceeds one billion Uzbek soums are obliged to transition to the VAT regime and register with the tax authorities.

Another important category of VAT taxpayers consists of individual entrepreneurs whose economic activity surpasses the established turnover threshold. These entrepreneurs become subject to VAT obligations once their business revenues exceed the specified limit or when they voluntarily choose to operate within the VAT regime. The voluntary registration mechanism allows entrepreneurs to benefit from the VAT credit system and participate more effectively in supply chains involving VAT-registered partners. Foreign legal entities represent a separate category within the composition of VAT taxpayers. Companies conducting economic activities in Uzbekistan through permanent establishments are treated as domestic taxpayers and are required to fulfill VAT obligations in accordance with national legislation. Such entities typically operate in sectors involving international investment, infrastructure development, and industrial production.

Importers of goods also form a significant component of the VAT taxpayer structure. VAT is imposed on imported goods based on their customs value, including applicable customs duties and excise taxes. The taxation of imports ensures fiscal neutrality between domestic and foreign products and contributes to the stability of budget revenues derived from international trade. In recent years, the expansion of the digital economy has led to the inclusion of foreign providers of

electronic services in the VAT system. Foreign companies supplying digital content, cloud services, online advertising, and other electronic services to individuals residing in Uzbekistan are required to register with the national tax authorities and pay VAT on such transactions. This measure reflects global trends in the taxation of digital services and aims to prevent erosion of the national tax base.

The composition of VAT taxpayers is also influenced by the existence of simplified tax regimes. Small businesses operating under the turnover tax regime are generally exempt from VAT obligations unless they import goods or voluntarily register as VAT taxpayers. This mechanism reduces the administrative burden on small enterprises while maintaining fiscal efficiency.

### **DISCUSSION**

The analysis demonstrates that the composition of VAT taxpayers in Uzbekistan reflects the structural characteristics of the national economy and the strategic priorities of fiscal policy. The inclusion of various categories of taxpayers—ranging from large domestic corporations to foreign digital service providers—illustrates the comprehensive nature of the VAT system and its capacity to adapt to changing economic conditions. One of the key features of the Uzbek VAT framework is the use of turnover thresholds to determine mandatory registration. This approach allows tax authorities to focus administrative resources on economically significant taxpayers while providing simplified taxation options for small businesses. Such differentiation is consistent with international practice and contributes to the efficiency of tax administration.

At the same time, the expansion of VAT obligations to foreign digital service providers demonstrates the growing importance of the digital economy in national tax policy. The taxation of cross-border electronic services has become a priority for many countries seeking to ensure fair competition between domestic and foreign companies operating in digital markets. Recent reforms introduced in the tax legislation have also strengthened the monitoring and control mechanisms within the VAT system. The implementation of automated electronic invoice analysis and risk assessment tools enhances the ability of tax authorities to detect irregularities and prevent fraudulent VAT credit claims. These innovations represent a significant step toward digitalization of tax administration and increased transparency in economic transactions.

Nevertheless, the evolving structure of VAT taxpayers also raises several challenges. The integration of small businesses into the VAT system requires careful consideration of administrative costs and compliance burdens. Furthermore, the taxation of cross-border digital services demands effective international cooperation and technological infrastructure to ensure proper enforcement. Overall, the composition of VAT taxpayers in Uzbekistan continues to evolve in response to economic modernization, digital transformation, and fiscal policy objectives. The effectiveness of the VAT system depends not only on legislative regulation but also on the institutional capacity of tax authorities and the level of compliance among taxpayers.

### **CONCLUSION**

The study has demonstrated that the composition of VAT taxpayers in Uzbekistan constitutes a complex institutional structure that includes resident legal entities, individual entrepreneurs exceeding established turnover thresholds, foreign companies operating through permanent establishments, importers of goods, and foreign providers of digital services. Each of these categories plays a distinct role in the functioning of the VAT system and contributes to the formation of public revenues. The modernization of the tax legislation and the introduction of digital tax administration mechanisms have significantly expanded the scope of VAT taxation and improved its efficiency. At the same time, the dynamic nature of economic development, particularly the growth of the digital economy and international trade, continues to influence the structure of VAT taxpayers.

Future improvements in the VAT system should focus on strengthening tax administration, simplifying compliance procedures for businesses, and ensuring the effective taxation of cross-

border economic activities. Such measures will enhance fiscal sustainability and support the ongoing development of Uzbekistan's market economy.

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