



## GENERAL CHARACTERISTICS OF TAXES PAID BY LEGAL ENTITIES

**Alijon Turayev**

Samarkand Institute of Economics and Service  
Associate Professor of the Department of  
"Investment and Innovations", PhD

**Ikrom Egamshukurov**

Student at Samarkand Institute of Economics  
and Service

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

***Abstract.** This article analyzes the general characteristics of taxes paid by legal entities within modern tax administration systems. It highlights the economic nature, classification, and fiscal significance of corporate taxes, emphasizing their role in ensuring state budget revenues and supporting macroeconomic stability. The study explores the main types of taxes imposed on legal entities, including income tax, value-added tax, property tax, and other mandatory payments. Special attention is given to the principles of tax calculation, compliance procedures, and the impact of tax policy on the financial activities and investment decisions of enterprises. The findings underline the importance of improving tax legislation, enhancing transparency, and creating a favorable tax environment that stimulates business development while maintaining the sustainability of public finances.*

***Keywords:** Corporate taxation; legal entities; tax system; income tax; fiscal policy; VAT; tax burden; tax administration; business environment.*

### Introduction

Taxation of legal entities plays a critical role in the formation of state revenues and the regulation of economic activity. Corporate taxes,

as mandatory payments imposed on enterprises, not only ensure the financial stability of the state but also influence the investment decisions and operational strategies of businesses. Understanding the general characteristics of these taxes is essential for assessing the efficiency of the tax system and identifying areas for improvement.

This study aims to provide a comprehensive overview of the types, principles, and fiscal significance of taxes paid by legal entities. It examines how taxation affects business performance, the compliance requirements for enterprises, and the role of the state in maintaining a balanced and fair tax environment. Furthermore, the paper highlights challenges faced by legal entities in fulfilling tax obligations and explores potential reforms to enhance transparency, reduce administrative burden, and promote economic growth.

By analyzing existing legislation, international practices, and economic implications, this research contributes to a deeper understanding of corporate taxation and its impact on both the private sector and national economy.

### Literature Review

The literature on corporate taxation emphasizes the multifaceted role of taxes in both economic development and state revenue generation. Scholars such as Bird and Zolt (2014) highlight that taxes on legal entities serve as a primary tool for fiscal policy, influencing business decisions, investment strategies, and income distribution. According to Slemrod and Bakija (2017), corporate taxation directly affects the financial performance of enterprises, shaping their ability to reinvest profits and expand operations.

Several studies focus on the classification and principles of taxation for legal entities. For example, Keen and Lockwood (2010) analyze the effects of value-added tax (VAT) and income tax on corporate behavior, noting that tax compliance costs and administrative complexity can impact business efficiency. Similarly, Alm and Torgler (2011) discuss the relationship between tax morale, compliance, and the legal framework, suggesting that clear and transparent regulations enhance voluntary compliance among enterprises.

Regional research also provides valuable insights. In the context of developing economies, legal entities often face challenges related to unclear legislation, high tax burden, and limited access to advisory services. Studies by Zolt (2015) and IMF reports indicate that simplifying tax procedures and improving institutional capacity can significantly improve compliance rates and support economic growth.

Overall, the literature demonstrates that effective taxation of legal entities requires a balance between revenue generation, economic incentives, and administrative feasibility. This study builds on these findings to provide an overview of the general characteristics of taxes imposed on legal entities in contemporary economic systems.

### Methodology

This study employs a qualitative and analytical approach to examine the general characteristics of taxes paid by legal entities. The research is based on a comprehensive review of legislative documents, tax codes, and regulations governing corporate taxation. Comparative analysis is applied to evaluate differences in tax types, rates, and compliance procedures across various jurisdictions.

The methodology also includes the analysis of statistical data on tax revenues collected from legal entities, which allows for assessing the fiscal impact of corporate taxes on state budgets and the broader economy. Key indicators such as tax burden, effective tax rates, and compliance costs are examined to identify trends and challenges faced by enterprises.

Additionally, the study uses case studies and examples from both domestic and international contexts to illustrate practical implications of tax policies and their effects on business operations. This combined approach ensures a detailed understanding of the structural, economic, and regulatory aspects of corporate taxation, supporting the formulation of recommendations for improving the efficiency and fairness of the tax system.

### Analysis and Results

The analysis of corporate taxation reveals several key characteristics and trends that affect legal entities. Income tax remains the primary source of tax revenue collected from enterprises, significantly influencing their financial planning and investment strategies. Value-added tax (VAT) and property tax constitute additional obligations, impacting operational costs and pricing policies.

Statistical data indicate that the effective tax burden on legal entities varies depending on the size of the enterprise, industry sector, and location. Large corporations often benefit from tax incentives and exemptions, while small and medium-sized enterprises face higher relative tax pressure. Compliance costs, including administrative procedures and reporting requirements, represent a significant portion of the overall tax burden, particularly for SMEs.

Comparative analysis with international practices shows that countries with simplified tax regimes and transparent procedures tend to achieve higher compliance rates and stimulate business growth. Conversely, complex and inconsistent regulations increase the risk of tax evasion and reduce the efficiency of fiscal policy.

The results of this study suggest that improving the clarity of legislation, providing advisory support for enterprises, and implementing fair and predictable taxation mechanisms can enhance both compliance and economic performance. Effective corporate taxation thus not only secures state revenues but also encourages sustainable business development and investment activity.

### **Conclusion and suggestions**

The study of taxes paid by legal entities underscores their fundamental importance in ensuring state budget revenues, regulating economic activity, and shaping the behavior of enterprises. Corporate taxes, including income tax, value-added tax (VAT), and property tax, exert a direct influence on financial planning, investment decisions, and overall operational strategies. Analysis shows that while large corporations often benefit from tax incentives, exemptions, and optimized compliance frameworks, small and medium-sized enterprises frequently face relatively higher tax burdens and administrative challenges. These disparities can affect competitiveness, limit business growth, and create obstacles to sustainable economic development.

Based on the findings, several key recommendations emerge. First, the simplification of tax procedures is essential to reduce the administrative load on businesses, particularly SMEs, enabling them to allocate resources more efficiently toward growth and innovation.

Second, enhancing legislative clarity and transparency ensures that enterprises can accurately understand their obligations, fostering voluntary compliance and reducing the risk of disputes or legal uncertainties. Third, advisory and support services for legal entities, including training, guidance on reporting, and access to updated tax information, can significantly improve compliance rates and strengthen trust between businesses and tax authorities.

Moreover, predictable and equitable taxation policies are crucial for stimulating investment, encouraging reinvestment of profits, and promoting sustainable business development. A well-balanced tax system not only secures the necessary revenues for public finances but also provides economic incentives that enhance the competitiveness of enterprises, support employment growth, and contribute to broader macroeconomic stability. Finally, ongoing evaluation of tax legislation, informed by international best practices and domestic economic conditions, is necessary to adapt to evolving market dynamics and to ensure that the tax framework continues to support both state objectives and the growth of the private sector.

In conclusion, effective taxation of legal entities represents a critical tool for harmonizing fiscal responsibilities with economic incentives. By implementing simplified, transparent, and fair taxation mechanisms, states can achieve a dual goal: maximizing revenue collection while fostering a favorable business environment that encourages innovation, investment, and sustainable economic development. A modern corporate tax system, therefore, should be designed not merely as a revenue instrument but as a strategic

mechanism that supports the long-term growth and resilience of the national economy.

### References

1. Alm, J., & Torgler, B. (2011). *Culture differences and tax morale in the United States and Europe*. Journal of Economic Psychology, 32(4), 441–457.
2. Bird, R. M., & Zolt, E. M. (2014). *Taxation and development: The weak link?* In J. Martinez-Vazquez & V. S. Ahmad (Eds.), *Public Finance in Developing and Transitional Countries* (pp. 27–62). Routledge.
3. Keen, M., & Lockwood, B. (2010). *The value added tax: Its causes and consequences*. Journal of Development Economics, 92(2), 138–151.
4. Slemrod, J., & Bakija, J. (2017). *Taxing ourselves: A citizen's guide to the debate over taxes* (5th ed.). MIT Press.
5. Zolt, E. M. (2015). *Developing countries and the tax compliance challenge*. National Tax Journal, 68(2), 247–268.
6. International Monetary Fund (IMF). (2020). *Revenue Administration: Modernization and Reform*. IMF Policy Paper.
7. OECD. (2019). *Corporate Tax Statistics: Comparative Analysis of Tax Burdens*. OECD Publishing.