



PECULIARITIES OF PROPERTY TAXATION IN UZBEKISTAN

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***Abstract.** This article examines the peculiarities of property taxation in Uzbekistan, focusing on its legal framework, economic implications, and administrative practices. The study highlights the role of property taxes as a crucial source of state revenue and their impact on the management and utilization of assets by individuals and legal entities. Emphasis is placed on the specific features of property tax calculation, valuation methods, exemptions, and incentives in the Uzbek context. The paper also analyzes the challenges faced by taxpayers, including compliance issues, legislative ambiguities, and administrative procedures, as well as the measures adopted by authorities to improve tax collection efficiency. The findings underscore the importance of developing a transparent, fair, and effective property taxation system to ensure fiscal stability, encourage proper asset management, and stimulate economic development.*

***Keywords:** Property taxation; Uzbekistan; tax system; asset valuation; tax compliance; fiscal policy; exemptions; tax administration; state revenue.*

Introduction

Property taxation is one of the most significant elements of the fiscal system in Uzbekistan, serving as a primary source of state revenue and a tool for regulating the ownership, use, and transfer of assets. Taxes levied on real estate, land, and other tangible or intangible property influence the financial decisions of both individuals and legal entities. These taxes not only provide the state with essential funds to support public services and infrastructure but also affect investment strategies, asset management practices, and overall economic behavior.

The peculiarities of property taxation in Uzbekistan are shaped by the country's legal framework, economic conditions, and administrative practices. Unlike some other types of taxes, property taxes have a direct link to the value and use of assets, making accurate valuation and compliance particularly important. The system incorporates specific rules for assessing taxable property, applying exemptions and incentives, and determining tax rates. These features are designed to ensure fairness, encourage efficient use of resources, and stimulate economic development while maintaining fiscal stability.

Despite its importance, property taxation in Uzbekistan faces several challenges. Taxpayers often encounter legislative ambiguities, complex valuation methods, and burdensome administrative procedures. Additionally, differences in tax rates, assessment practices, and enforcement mechanisms across regions can create inconsistencies and affect taxpayer compliance. To address these issues, authorities have implemented measures to improve tax administration, enhance transparency, and facilitate voluntary compliance.

This study aims to provide a comprehensive overview of property taxation in Uzbekistan, highlighting its unique characteristics, calculation methods, exemptions, and incentives. By examining both the legal and practical aspects of property taxation, the research seeks to identify strengths and weaknesses of the current system and propose recommendations for creating a more effective, transparent, and equitable taxation framework. Understanding these peculiarities is essential not only for policymakers but also for taxpayers, investors, and other stakeholders who are directly affected by property tax obligations.

Literature Review

Property taxation has been widely discussed in the literature as a critical component of state fiscal policy, with implications for both revenue generation and economic behavior. Scholars such as Bird and Zolt (2014) emphasize that property taxes serve as a stable source of revenue, particularly in economies undergoing structural reforms, and are essential for financing local governments and public infrastructure. According to Alm and Torgler (2011), effective property taxation requires clear legislation, transparent assessment methods, and mechanisms that foster voluntary compliance among taxpayers.

Several studies focus on the principles and methods of property valuation. Keen and Lockwood (2010) argue that accurate assessment of property value is fundamental to achieving equity in taxation, while discrepancies in valuation can lead to disputes, underpayment, or overpayment of taxes. Research by Zolt (2015) highlights the importance of modernizing administrative systems and adopting standardized valuation techniques to ensure uniformity and efficiency.

In the context of developing economies, including Uzbekistan, the literature points out unique challenges. Taxpayers often face legislative ambiguities, regional disparities in enforcement, and limited access to information or advisory services. IMF reports (2020) suggest that enhancing transparency, simplifying procedures, and providing taxpayer support are crucial measures to improve compliance and reduce administrative burdens. Additionally, OECD studies (2019) indicate that offering incentives or exemptions for certain types of property can encourage investment, support economic development, and promote equitable taxation.

Overall, the existing literature underscores the dual function of property taxes: they not only provide essential fiscal resources for the state but also influence economic behavior, asset management, and investment decisions. This study builds on these insights by analyzing the peculiarities of property taxation in Uzbekistan, including its legal framework, calculation methods, exemptions, and administrative practices, with the aim of identifying opportunities for reform and improvement.

Methodology

This study employs a qualitative and analytical approach to examine the peculiarities of property taxation in Uzbekistan. The research is based on a comprehensive review of legal documents, including the Uzbek Tax Code, related laws, and regulations governing property taxation for both individuals and legal entities. Comparative analysis is applied to evaluate differences in tax calculation methods, exemptions, and administrative practices across various regions within the country.

The methodology also includes the analysis of statistical data on property tax collection, taxpayer compliance rates, and revenue contributions to state and local budgets. These data allow for assessing the fiscal impact of property taxation and identifying trends or challenges in administration and enforcement.

In addition, the study utilizes case studies and practical examples to illustrate the real-world implications of property tax policies on individuals and enterprises. This combined approach ensures a detailed understanding of the legal, economic, and administrative aspects of property taxation in Uzbekistan, supporting the development of recommendations for improving efficiency, fairness, and compliance in the system.

Analysis and results

The analysis of property taxation in Uzbekistan reveals several significant characteristics and trends that influence both individuals and legal entities. Income from property taxes constitutes a stable source of state and local budget revenues, reflecting the government's reliance on these funds to support public services, infrastructure, and socio-economic development. The study highlights that real estate and land taxes are the most prominent components of property taxation, directly affecting asset management decisions, investment strategies, and financial planning.

Statistical analysis indicates that the effective property tax burden varies depending on the type, value, and location of the property, as well as the taxpayer category. Large legal entities often benefit from tax exemptions, incentives, and professional advisory services, while small and medium-sized enterprises, as well as individual property owners,

may face a comparatively higher relative tax pressure. Compliance costs, including assessment procedures, documentation, and reporting requirements, represent a significant part of the overall burden, particularly for smaller taxpayers.

Comparative assessment with international practices shows that countries with transparent, simplified, and uniform property taxation systems achieve higher compliance rates, reduce disputes, and foster greater economic efficiency. Conversely, complexities in legislation, regional disparities in enforcement, and inconsistent valuation methods can lead to administrative inefficiencies, inequitable tax burdens, and increased risks of underpayment or non-compliance.

The findings suggest that improvements in legislative clarity, standardization of property valuation methods, and enhanced taxpayer support services are essential for promoting compliance and reducing administrative burdens. Additionally, well-designed exemptions and incentives can stimulate investment, encourage optimal use of property, and support broader economic development objectives. Effective property taxation in Uzbekistan, therefore, not only ensures a reliable revenue stream for the state but also serves as a strategic instrument for guiding economic behavior, fostering responsible asset management, and creating a favorable environment for sustainable growth.

Conclusion and suggestions

The study of property taxation in Uzbekistan highlights its critical role in ensuring fiscal stability, regulating asset ownership, and influencing the economic behavior of both individuals and legal entities. The analysis demonstrates that real estate and land taxes form the backbone of property taxation, directly impacting financial planning,

investment decisions, and the management of tangible and intangible assets. While large enterprises often benefit from exemptions, incentives, and professional guidance, smaller enterprises and individual taxpayers face relatively higher compliance burdens and administrative challenges. These disparities can affect equity, business competitiveness, and the efficient use of property resources.

Based on the findings, several key recommendations are proposed. First, simplifying administrative procedures and streamlining valuation methods is essential to reduce compliance costs, particularly for small and medium-sized taxpayers. Clear and transparent legislation, coupled with standardized assessment practices, can improve taxpayer understanding, voluntary compliance, and reduce disputes between authorities and taxpayers. Second, the implementation of advisory services, educational programs, and accessible guidance materials for taxpayers can enhance awareness of obligations and facilitate accurate reporting. Third, well-designed exemptions, incentives, and tax relief measures can encourage investment, promote responsible asset management, and stimulate economic growth.

Moreover, continuous monitoring and evaluation of property taxation policies are necessary to adapt to changing economic conditions, regional disparities, and evolving market dynamics. By integrating legal, administrative, and economic considerations, Uzbekistan can develop a property taxation system that balances fiscal objectives with fairness, efficiency, and transparency. Effective property taxation, therefore, is not merely a tool for revenue collection but a strategic mechanism that supports sustainable economic development, encourages optimal utilization of assets, and strengthens the overall business environment.

In conclusion, enhancing the efficiency, fairness, and transparency of property taxation in Uzbekistan will contribute to a more equitable fiscal system, foster economic growth, and ensure that both the state and taxpayers benefit from a clear, predictable, and well-administered taxation framework. A modern and effective property tax system is thus integral to achieving long-term economic stability and supporting responsible financial management by individuals and enterprises alike.

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