

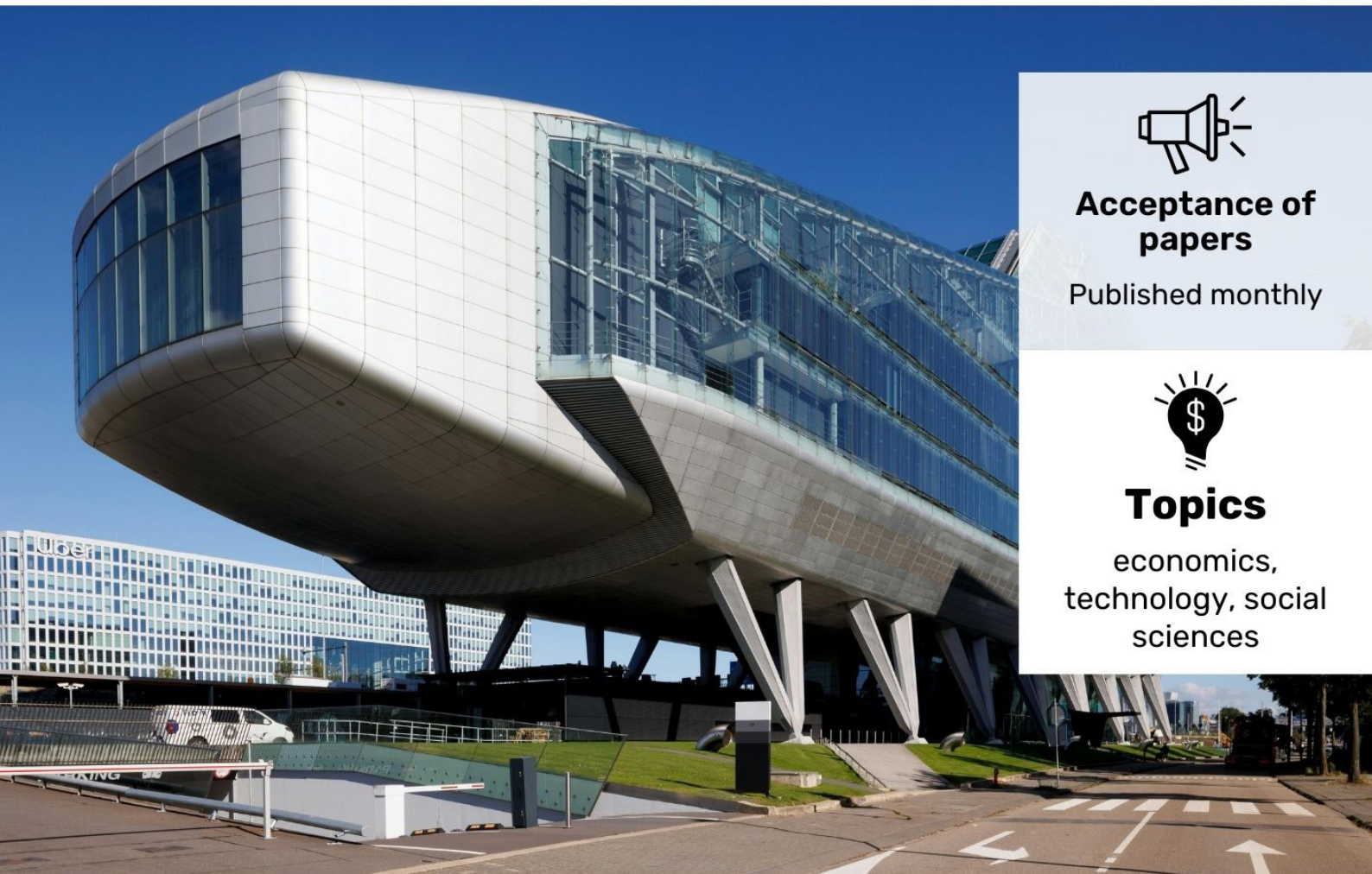
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ECONOMIC EFFICIENCY OF TAX REFORMS IN UZBEKISTAN



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Abstract: This article analyzes the economic efficiency of the tax reforms implemented in Uzbekistan during 2017–2023. It examines key changes in the tax system, including the reduction of the tax burden, the introduction of digital tools, and the simplification of procedures for businesses. Based on statistical data, the study evaluates the impact of the reforms on business activity, the structure of state budget revenues, and the level of transparency in tax administration. The findings highlight a positive but gradual effect of the transformations and outline directions for further improvement of tax policy.

Key words: tax reform, tax burden, economic efficiency, business activity, Uzbekistan, fiscal policy, digitalization.

INTRODUCTION

The development of an effective tax system is one of the key conditions for economic growth, sustainable budget financing, and the creation of a favorable business climate. In Uzbekistan, the active phase of tax reforms began in 2017, aimed at modernizing the fiscal system and enhancing its transparency, fairness, and efficiency. Prior to the reforms, the tax system was characterized by a high overall burden on businesses, complex reporting and control procedures, limited use of digital technologies, and a low level of trust from taxpayers. These factors hindered the development of small and medium-sized enterprises (SMEs), increased the volume of the shadow economy, and reduced the efficiency of tax administration. In the context of economic liberalization, the government of Uzbekistan initiated a consistent reform of tax policy.

The main directions included the reduction of the number of taxes, lowering of rates for key types of taxation, introduction of online cash registers and electronic platforms, revision of the system of tax benefits, and the implementation of mechanisms to encourage voluntary tax compliance. At the same time, efforts were made to reduce administrative barriers and increase the level of digitalization in fiscal administration.

LITERATURE REVIEW

The reforms were accompanied by significant changes in the structure of state budget revenues, business behavior, and the level of formal employment. The improvement of the tax climate became part of a broader strategy for the country's economic transformation, aimed at attracting investments, supporting entrepreneurship, and integrating into the global economy.

The aim of this study is to comprehensively assess the economic efficiency of the tax reforms implemented in Uzbekistan during 2017–2023. The analysis focuses on changes in the level of tax burden, the dynamics of budget revenues, the number of registered business entities, and other indicators reflecting the impact of the reforms.

RESEARCH METHODOLOGY

To assess the economic efficiency of tax reforms in Uzbekistan, quantitative analysis methods based on official statistics were used. The study covers the period from 2016 to 2023 and relies on data from the State Committee on Statistics, the Ministry of Finance of the Republic of Uzbekistan, and international sources, including the World Bank. The main research methods included:

Comparative statistical analysis. Used to assess the dynamics of the tax burden and the number of registered small and medium-sized enterprises (SMEs) before and after the start of the reforms. This method helps to evaluate changes in business activity and fiscal pressure on the economy.

Table 1. Changes in the tax burden in Uzbekistan (as a % of GDP).

Year	Overall Tax Burden	Direct Taxes	Indirect Taxes
2016	23,8%	9,4%	14,4%
2018	21,5%	8,2%	13,3%
2019	20,7%	7,8%	12,9%
2020	20,1%	7,4%	12,7%

Structural analysis of tax revenues. This analysis was conducted to identify changes in the structure of budget revenues: the shares of major taxes (VAT, personal income tax, corporate income tax) and the contribution of SMEs to the formation of tax revenues were analyzed.

Table 2. Budget revenues from taxes and the contribution of SMEs (trillion UZS).

Year	Total Tax Revenues	Including from SMEs	Share of SMEs (%)
2016	44,1	9,3	21,1%
2018	57,5	14,8	25,7%
2023	98,6	28,7	29,1%

Dynamic analysis of tax revenues. Annual changes in the volume of state budget tax revenues were studied, taking into account inflation and economic growth rates. This made it possible to determine the extent to which revenue growth was driven by real improvements in administration and the expansion of the tax base, rather than solely by macroeconomic growth.

Comparison of the pre- and post-reform periods. The analysis was based on the comparison of key indicators before the start of the reforms (2016–2017) and in the subsequent years (2018–2023). Data on fiscal pressure, tax structure, the number of active enterprises, and the level of business registration across various sectors were compared.

ANALYSIS AND RESULTS

The results of the analysis of tax reforms in Uzbekistan show positive changes in the country's economy. During the period from 2016 to 2023, the overall tax burden decreased from 23.8% to 20.1% of GDP. This was made possible by lowering the rates of key taxes such as VAT and corporate income tax. These changes improved the business environment and contributed to increased entrepreneurial activity.

The number of registered small and medium-sized enterprises (SMEs) significantly increased, which also contributed to reducing unemployment and improving the social situation of the population. Additionally, there was a redistribution of tax revenues in favor of indirect taxes such as VAT, reflecting an increase in consumer spending. Overall tax revenues to the budget increased as a result of the expansion of the tax base and the enhancement of fiscal discipline through the introduction of digital technologies, such as online cash registers and electronic payments. This contributed to improved tax collection and a reduction in tax evasion. A partial decline in the shadow economy was also recorded: the share of the shadow sector decreased from 38% in 2017 to 32% in 2023, confirming the positive effects of the reforms.

Nevertheless, additional measures and improvements in the business environment will be required for the full legalization of businesses and further reduction of the shadow economy. The tax reforms implemented in Uzbekistan have led to significant positive changes in the economic situation, but they have also revealed certain areas for further improvement. The reduction in the tax burden, the increase in tax revenues to the budget, and the growth in the number of registered enterprises indicate that the reforms have been successful in stimulating the official economy and improving the business climate.

However, despite the positive results, the reform process remains incomplete. The decrease in the share of the shadow economy from 38% to 32% is an undeniable success, but further reductions will require additional measures to improve tax administration, simplify business registration, and strengthen oversight of small businesses. The digitalization of tax processes played a key role in increasing transparency and simplifying interactions between taxpayers and government authorities. The introduction of online cash registers and electronic payment systems helped to reduce tax evasion and increase entrepreneurs' trust in the tax authorities. Nevertheless, it is important to continue developing infrastructure to ensure equal conditions for all entrepreneurs, especially small businesses, which remain the most vulnerable. A key factor in the success of the reforms has been their systematic and comprehensive approach. Despite the significant reduction in the tax burden, achieving sustainable growth and further improving the country's economic situation will require continued optimization of the tax system, with attention not only to reducing rates but also to improving tax administration, enhancing conditions for SMEs, and reducing administrative barriers.

Overall, the reforms carried out have had a positive impact on Uzbekistan's economy. However, to ensure that these changes become long-term and form the foundation for sustainable economic growth, further improvement of tax policy and tax administration is necessary.

CONCLUSION

The tax reforms implemented in Uzbekistan have had a positive impact on the country's economy. The reduction in the tax burden, the increase in tax revenues, and the growth in the number of registered enterprises indicate an improvement in investment attractiveness and the overall business climate. The introduction of digital technologies and the simplification of taxation procedures have played a key role in enhancing tax administration and reducing the shadow economy.

Nevertheless, significant challenges remain. Despite the decrease in its share, the shadow economy continues to be highly developed, which requires further efforts to improve the business environment, increase transparency, and strengthen control. To achieve sustainable long-term results, it is necessary to continue optimizing the tax system, develop infrastructure for small and medium-sized businesses, and improve the processes of business registration and operations.

Overall, the tax reforms in Uzbekistan have proven to be effective, but achieving even greater results will require additional steps to eliminate administrative barriers, enhance interaction with taxpayers, and create conditions for further growth in entrepreneurial activity.

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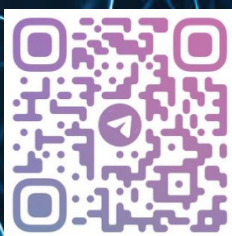
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