TASHKENT STATE UNIVERSITY OF ECONOMICS

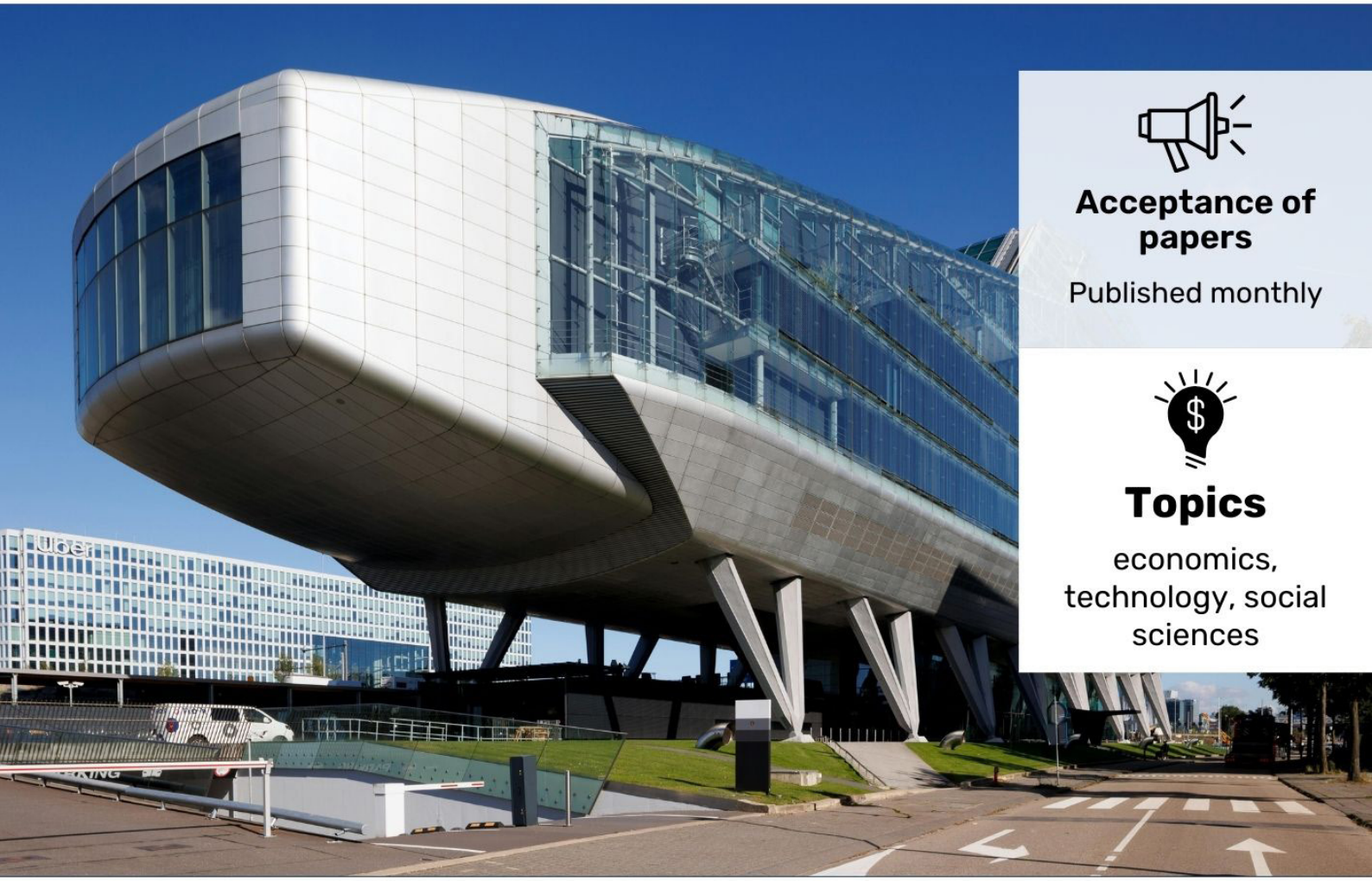
International journal of topics

INNOVATION SCIENCE AND TECHNOLOGY

Scopus || Electronic journal specializing in Scopus

ISSUE 4

Acceptance of papers **APRIL, 2025**



Acceptance of papers

Published monthly

Topics

economics, technology, social sciences

ISSN 3060-5229

Visit the website
t.me/scopus_IST2100

Electronic publication, Issue 4. 100 pages.
Approved for publication on April 1, 2025.

THE SCIENTIFIC-POPULAR ELECTRONIC JOURNAL **"INNOVATION SCIENCE AND TECHNOLOGY"** HAS BEEN REGISTERED UNDER THE NUMBER **C-5669633** BY THE AGENCY FOR INFORMATION AND MASS COMMUNICATIONS (AOKA) OF THE REPUBLIC OF UZBEKISTAN, EFFECTIVE FROM OCTOBER 9, 2024.

CONTACTS

Phone: **97-748-70-03**

Website: https://ist-journal.uz

Email: munis.iriskulova@gmail.com

Editorial board:

CONTENTS

ISSUES OF IMPLEMENTING EFFECTIVE METHODS IN UZBEKISTAN'S TAX POLICY TO MITIGATE THE NEGATIVE EFFECTS OF DOUBLE TAXATION

Rajapov Shuxrat Zaripbayevich
i.f.n. (PhD) yetakchi ilmiy xodim,
Toshkent davlat iqtisodiyot
universiteti huzuridagi
"O'zbekiston Iqtisodiyotini rivojlantirishning
ilmiy asoslari va muammolari" ilmiy-tadqiqot markazi,
Toshkent davlat iqtisodiyot universiteti, mustaqil izlanuvchi
Science ID:FXR-0525-0021,
ORCID 0000-0002-4464-1542

Abstract: This article analyzes the impact of double taxation on both international and domestic tax relations, highlighting its adverse economic consequences and the effective strategies implemented within Uzbekistan's tax policy to mitigate such effects. The study focuses on the principles of tax residency and source-based taxation, the role of international treaties, and modern methods adopted to prevent double taxation. Furthermore, it explores the relevance of OECD guidelines and their legal implementation in Uzbekistan's national legislation.

Key words: double taxation, tax residency, international treaties, tax policy, source of income, tax incentives, Uzbekistan.

Annotatsiya: Mazkur maqolada ikkiyoqlama soliqqa tortish institutining xalqaro va milliy soliq munosabatlariga ta'siri, uning salbiy iqtisodiy oqibatlari, shuningdek O'zbekistonda soliqqa tortish tizimida ushbu oqibatlarni yumshatishga qaratilgan samarali choralar tahlil qilinadi. Xususan, rezidentlik tamoyilining aniqligi, daromad manbai asosida soliqqa tortish mexanizmlari, xalqaro shartnomalarning ahamiyati hamda O'zbekiston soliq siyosatida zamonaviy yondashuvlar asosida ikkiyoqlama soliqqa tortishni oldini olish usullari yoritiladi. Maqolada Iqtisodiy Hamkorlik va Taraqqiyot Tashkiloti (IHTT) tamoyillari asosida ishlab chiqilgan metodlar va milliy qonunchilikka ularni implementatsiya qilishning huquqiy asoslari ham ko'rib chiqilgan.

Kalit so'zlar: ikkiyoqlama soliqqa tortish, soliq rezidentligi, xalqaro shartnomalar, soliq siyosati, daromad manbai, soliq imtiyozlari, O'zbekiston.

Аннотация: В статье рассматривается влияние института двойного налогообложения на международные и национальные налоговые отношения, а также его негативные экономические последствия. Особое внимание уделено эффективным методам, реализуемым в налоговой политике Узбекистана для смягчения последствий двойного налогообложения. Анализируются механизмы налогообложения по принципу резидентства и источника дохода, значение международных налоговых соглашений и современные подходы в налоговой системе страны. Также рассматриваются рекомендации ОЭСР и вопросы их правовой имплементации в национальное законодательство.

Ключевые слова: двойное налогообложение, налоговое резидентство, международные соглашения, налоговая политика, источник дохода, налоговые льготы, Узбекистан.

INTRODUCTION

With the growing development of economic relations between countries around the world, the issue of legally regulating the taxation of activities of legal entities and individuals who are residents of one country but operate in another has become increasingly relevant. As mutual economic relations between states expand, so too does the practice of artificially reducing the tax base by entrepreneurs through various schemes or transferring profits to jurisdictions with low or zero tax rates so-called offshore zones leading to tax avoidance or outright tax evasion.

In particular, in 2013 the Organisation for Economic Co-operation and Development (OECD) introduced its *Action Plan on Base Erosion and Profit Shifting (BEPS)*, which outlined key measures to counteract practices aimed at reducing the tax base and avoiding the taxation of profits. Based on the identified issues, the plan defined 15 priority actions to address these challenges.

Globally, increasing emphasis is placed on strengthening intergovernmental cooperation to prevent double taxation of residents from different countries. Of growing importance is the legal regulation of simplified taxation mechanisms for non-resident legal entities, alongside the implementation of effective tools to prevent tax evasion and the offshoring of profits. This includes the adoption of international standards into national legislation to ensure the enforcement of tax obligations and other mandatory payments.

In Uzbekistan, significant efforts are being undertaken to develop the investment climate by drastically reducing the tax burden on business entities. Priority is given to creating a fair and transparent tax system applicable equally to all taxpayers and aligning it with international standards. Numerous targeted measures are being implemented to achieve these goals. The continuation of the “policy of reducing the tax burden and simplifying the taxation system, improving tax administration, and expanding relevant incentive measures” has been defined as one of the key directions for economic development and liberalization.

Recognizing that “systematically reducing the tax burden, simplifying the tax system, and improving tax administration are essential conditions for accelerating economic growth and enhancing the country’s investment attractiveness,” comprehensive systemic reforms are underway. These include efforts to ensure the stability of tax policy, simplify tax administration, eliminate contradictions and inconsistencies in tax legislation, and strengthen the protection of the rights and legitimate interests of honest taxpayers.

REVIEW OF LITERATURE ON THE SUBJECT

In our modern dictionaries and in the emergence of relatively new terms, the process of their scientific development is often widespread yet does not always coincide with a clear legal definition or comprehensive theoretical elaboration. Naturally, this calls for an objective approach when analyzing their meaning.

The presented ideas, approaches, and definitions hold significant importance in both the history and practice of economic thought. This is clearly confirmed by the relevant definitions, references, and interpretations provided by both foreign and domestic scholars.

In particular, referring to the definition provided by the Organisation for Economic Co-operation and Development (OECD) and the concept of «international legal double taxation,» N. A. Solovyova characterizes it as the imposition of comparable taxes on the same taxpayer in two (or more) jurisdictions for the same tax object and during the same periods[1].

V. V. Semenikhin, analyzing the definitions proposed by the OECD, considers this to be a generally accepted concept, namely: “Double taxation is understood as the simultaneous taxation within a single country of the same income or various taxes on that income”[2].

L. V. Polezharova’s position also aligns with this point of view. She emphasizes that “International double taxation consists of levying comparable taxes on the same taxpayer, for the same object and the same periods, in two (or more) jurisdictions”[3].

Based on the above, in our scientific research we define the concept of double taxation as follows:

Double taxation refers to the imposition of comparable (identical or similar) taxes in two or more countries on the same taxpayer and for the same period, with respect to the same object.

Double taxation is a term in international tax law that describes a situation in which, under the tax legislation of two or more states, the same person is regarded as a taxpayer, or the same object is regarded as a taxable item.

RESEARCH METHODOLOGY

The research methodology is based on a comparative legal analysis of national and international tax legislation, as well as a review of OECD reports and bilateral tax treaties. Data were collected through the study of official regulatory documents, academic publications, and expert commentaries. The findings were analyzed using qualitative content analysis to identify patterns and assess the effectiveness of tax policy measures in mitigating double taxation.

1 101 termin nalogovogo prava: krat. zakonodat. i doktrinalnoye tolkovaniye / N. N. Balyuk, V. V. Zamulko, A. V. Krasyukov [i dr.] ; ruk. avt. kol. N. A. Solovyeva. M. : Infotropik Media, 2015. 452 s.

2 Semenixin V. V. Ustraneniye dvoynogo nalogooblojeniya po nalogu na pribыl // Nalogi. 2014. № 29. S. 9.

3 Polejarova L. V. Mejdunarodnoye dvoynoye nalogooblojeniye: mexanizm ustraneniya v Rossiyskoy Federatsii. M. : Magistr: Infra-M, 2014. S. 9.

ANALYSIS AND RESULTS

International double taxation arises in situations where a person (a resident of one country) receives income from a source located in another country, owns property (typically immovable property) in another country, or conducts business activities that create a taxable presence in that foreign country.

International double taxation can result from differences between national tax systems or from deliberate tax policies pursued by individual countries. In international economic relations, the issue of double taxation typically arises in connection with the following types of taxes:

Income tax, including capital gains tax;

Property taxes (such as wealth tax, real estate tax, inheritance or gift taxes, and similar levies).

As the global financial and economic system continues to integrate and evolve, double taxation tends to occur in the presence of the following legal and practical issues:

• International tax law does not currently contain provisions that explicitly prohibit double taxation, and every state retains the sovereign right to impose taxes within its territory based on its national legislation.

• The concept of international double taxation may occur in both economic terms (where two different entities are taxed on the same income) and legal terms (where the same taxpayer and the same income are taxed by more than one country).

• The issue of taxing income earned by a resident of one country in another country is governed by the national legislation of both countries. Each country claims the right to tax, including foreign enterprises, under its domestic tax laws within its jurisdiction.

• For this reason, double taxation of foreign enterprises arises in cases where a resident of one country receives income from a source located in another country, owns property there, or conducts activities that generate taxable income or create other taxable objects. A key feature of such scenarios is that one and the same taxpayer, or one and the same tax object, is subject to taxation simultaneously under the laws of two or more jurisdictions.

From the issues outlined above, it becomes clear that the primary condition enabling the emergence of double taxation lies in the lack of harmonization between national tax legislations (figure 1).

Figure 1. Conditions for the occurrence of double taxation[4]

This phenomenon, in turn, is observed when, according to national legislation, a single individual is recognized as a resident in multiple countries, or when a single object is taxed in more than one jurisdiction, or when income derived from a single source is subject to taxation in several states.

Double taxation arises under the following conditions:

• when a person is a resident of one state but receives income or holds capital in another, and both states seek to tax the same income or capital;

• when multiple states impose taxes on all income received by a single person, thereby subjecting the individual to full tax liability simultaneously in more than one jurisdiction;

• when multiple states impose taxes on income earned by a non-resident within their territory—creating what is known as limited double taxation.

To address such situations, countries enter into international agreements based on the principle of residency to avoid double taxation.

In tax law relations, it is necessary to examine the concept of «residency» and its legal nature, the principle of taxation based on residency, the principle of source-based taxation, and how these principles are applied both in Uzbekistan's tax legislation and in the tax laws of other countries.

The differences between the concept of residency used in tax law and that used in currency and banking law have been analyzed. It is essential to establish that the concept of residency in tax relations is fundamentally different from the one applied in currency and banking law. Each branch of law uses its own criteria to determine residency.

Based on the views expressed by foreign scholars such as David Tillinghast, A.P. Balakina, Ye.G. Kostikova, Richard L. Doernberg, and A. Shakhmametyev, the following authorial definition of residency has been developed:

"Residency is a legal status of a natural or legal person that determines the scope of their tax obligations to the state and is based on one or more of their personal, social, or economic connections with the state's tax jurisdiction."

4 Muallif tomonidan tayyorlandi.

All individuals and legal entities that do not meet the criteria for residency established by a country's tax law are considered non-resident taxpayers. It has been concluded that a taxpayer's status as either a resident or non-resident determines the extent of their tax obligations to the state.

Residency, similar to citizenship, represents the legal relationship between an individual (natural or legal) and the state, but it is applied exclusively for tax purposes. In this context, it is noted that the emphasis on citizens in Article 51 of the Constitution of the Republic of Uzbekistan—establishing the duty to pay taxes and other mandatory payments—narrows the circle of persons obligated to fulfill tax duties. Taking into account that, in both international and national tax law, residency is more relevant than citizenship in matters of taxation, it is argued that the constitutional provision should be revised to state: "Everyone is obliged to pay taxes and other mandatory payments as established by law," which would expand the scope of persons subject to tax obligations.

The criteria for determining the residency status of individuals and legal entities have been analyzed in the tax legislation of the United Kingdom, Ireland, South Korea, the United States, New Zealand, Switzerland, Lithuania, Hungary, Latvia, the Netherlands, the Russian Federation, and the Republic of Kazakhstan. Additionally, the OECD's 1998 report *"Harmful Tax Competition: An Emerging Global Issue"* recommended that countries reconsider their definitions of legal entity residency as one of the tools to combat unfair and harmful tax competition. In line with this recommendation, the necessity was substantiated to expand the rules for determining legal entity residency in Uzbekistan's tax legislation by introducing the concept of "a legal entity whose place of management and control is located in the Republic of Uzbekistan" into the Tax Code.

By analyzing the views of scholars such as Angharad Miller, Lynne Oats, A.I. Pogorleskiy, Yu. Krokhina, N. Kucheryavenko, and Heitor David Pinto, it is emphasized that states impose taxes on taxpayers based on the principles of *residency* and *source-based taxation*, and that no country applies either principle in its pure form.

In the taxation of non-resident legal entities, the concept of a permanent establishment holds critical importance. The existence or absence of a permanent establishment within a country determines the non-resident's taxpayer status and clarifies the procedure for taxation.

Based on the legal perspectives of scholars such as O.Yu. Konnov, Richard L. Doernberg, K.Ye. Vikulov, Angharad Miller, and Lynne Oats, the legal status of a non-resident's permanent establishment is assessed as the degree of the non-resident's presence in the foreign state. However, this "presence" must not merely be the physical existence of a workshop or office, but must reflect the regular and sustained conduct of business activities by the non-resident in that location.

CONCLUSION AND SUGGESTIONS

In conclusion, it is important to highlight that the legal regulation of tax relations in the field of avoiding double taxation and preventing tax evasion ensures the effective operation of both national and international legal norms. The compatibility of these norms is one of the essential conditions for achieving the intended outcomes. Alongside analyzing the role and importance of international tax treaties, it is also vital to comprehensively examine Uzbekistan's system of international agreements in the field of taxation.

In this context, ongoing scholarly debates emphasize that the provisions of Uzbekistan's international treaties for the avoidance of double taxation have effectively become part of the national tax legislation. The study also underscores the need to differentiate between the concepts of "international tax relations" and the "national tax system."

Furthermore, special attention is drawn to the unique characteristics of international agreements aimed at avoiding double taxation on income. As a general rule, such treaties do not in themselves give rise to tax obligations. Rather, each country continues to apply its national legislation while complying with the provisions of the concluded international tax treaties.

List of used literature:

1. O'zbekiston Respublikasi Soliq kodeksi. O'zbekiston Respublikasi Qonun hujjatlari to'plami, 2020-yil yanvar.
2. O'zbekiston Respublikasining "Byudjet kodeksini tasdiqlash to'g'risidagi"gi Qonuni, 2013-yil 16-dekabr.
3. O'zbekiston Respublikasining "Soliq maslahati to'g'risida"gi Qonuni, -T.: Xalq so'zi, 2006-yil, 21-sentyabr.
4. O'zbekiston Respublikasining "Davlat soliq xizmati to'g'risida"gi Qonuni. -T.: Xalq so'zi, 1997-yil, 29-avgust.1.
5. Kashin V. A. Metodы ustraneniya dvoynogo nalogooblojeniya i ix znacheniye dlya zaщitы interesov Rossii // Finansы. 1997. № 5
6. Turaboyev I. O'zbekiston Respublikasi norezident yuridik shaxslariga soliq solishning huquqiy asoslarini takomillashtirish. yuridik fanlar bo'yicha falsafa doktori (PhD) ilmiy darajasini olish uchun taqdim etilgan dissertatsiya avtoreferati. -T.: O'zbekiston Respublikasi Prezidenti huzuridagi Davlat boshqaruvi akademiyasi, 2019. -45 b
7. Musagaliyev A.J. Yuridik shaxslarni soliqqa tortishni takomillashtirishning asosiy yo'nalishlari. i.f.n. ilmiy darajasini olish uchun taqdim etilgan dissertatsiya avtoreferati. -T.:BMA,2009. -23 b.

8. Popova L.V. Modelirovaniye planirovaniya nalogovых postupleniy v federalnыy byudjet Orlovskoy oblasti / L.V.Popova // Ekonomicheskiye i gumanitarnые nauki . - 2012. - № 3. –76-80 s.
9. http://www.soliq.uz (Vazirlar Mahkamasi huzuridagi Soliq qo‘mitasi)
10. http://www.gov.uz (O‘zbekiston Respublikasi Hukumat portali)
11. http://www.lex.uz (O‘zbekiston Respublikasi Adliya vazirligi sayti)

Proofreader: Zokir ALIBEKOV

Layout and Designer: Oloviddin Sobir ugli

2025. № 4

To publish articles in this journal, you may submit articles, advertisements, stories, and other creative materials through the following links. Materials and advertisements are published on a paid basis.

You may subscribe to the journal at any time using the following details. Once subscribed, please send a screenshot or photo of your payment confirmation to our Telegram page @iqtisodiyot_77. Based on this, we will send the latest issue of the journal to your address each month.

“The journal “INNOVATION SCIENCE AND TECHNOLOGY” has been registered by the Agency for Information and Mass Communications under the Administration of the President of the Republic of Uzbekistan from 09.10.2024 under the registration number №390637. License number: C-5669633. PNFL: 30407832680027

Our address: Tashkent city, Yunusobod district, 19th block, House 17.

TASHKENT STATE UNIVERSITY OF ECONOMICS

Google Scholar | OPEN ACCESS | ULRICHSWEB GLOBAL SERIALS DIRECTORY

Academic Resource Index ResearchBib | ISSN INTERNATIONAL STANDARD SERIAL NUMBER INTERNATIONAL CENTRE | CYBERLENINKA

OpenAIRE | ROAD | НАУЧНАЯ ЭЛЕКТРОННАЯ БИБЛИОТЕКА LIBRARY.RU

BASE | INDEX COPERNICUS INTERNATIONAL | Crossref

doi Digital Object Identifier | CiteFactor Academic Scientific Journals | zenodo

Acceptance of articles

Published every monthly

Directions

Social, economic, political, technological, scientific

Scopus || Scientific electronic journal specializing in Scopus

CERTIFICATE NUMBER: №390637

ORDER NUMBER ACCORDING TO THE LICENSE REGISTER: C-5669633

CONTACT:

Contact us
+998 97 748 70 03

Telegram channel
t.me/scopus_IST2100

Journal official website
https://ist-journal.uz/index.php/IST