

POSSIBILITIES OF USING FOREIGN EXPERIENCE TO INCREASE THE INCENTIVE FUNCTION OF TAX BENEFITS

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Abstract. *The article examines the processes associated with the purpose and conditions for the purposeful use of foreign experience in enhancing the tax incentive function in the country.*

Key words: *tax incentive function, tax deduction, tax system, tax policy, tax mechanism, special investment funds.*

ВОЗМОЖНОСТИ ИСПОЛЬЗОВАНИЯ ЗАРУБЕЖНОГО ОПЫТА ДЛЯ ПОВЫШЕНИЯ СТИМУЛИРУЮЩЕЙ ФУНКЦИИ НАЛОГОВЫХ ЛЬГОТ

Аннотация. *В статье рассматриваются процессы, связанные с целью и условиями целенаправленного использования зарубежного опыта повышения функции налогового стимулирования в стране.*

Ключевые слова: *функция налогового стимулирования, налоговый вычет, налоговая система, налоговая политика, налоговый механизм, специальные инвестиционные фонды.*

In our country, one of the important factors of economic liberalization, rapid development of small business and private entrepreneurship, creation of favorable conditions for business entities, further improvement of the business environment and attraction of investments into the economy is stimulation of this activity through taxes.

In the composition of forms of manifestation of the incentive function of taxes, tax credits occupy the main place. Therefore, encouraging enterprises that work successfully for the market, without having a negative impact on budget revenues, prepares the ground for a more effective tax mechanism. In this regard, the leader of our country, Sh.M. Mirziyoev, in the Address of the President of the Republic of Uzbekistan to the Parliament on the most important priority tasks for the development of our country in 2019, spoke as follows: "Reducing the tax burden and creating more favorable conditions for doing business is the only way to end the "hidden" economy. Therefore, it is necessary to develop a special program that provides for effective measures in this regard[1].

As a result of the development of the tax system, our country has made significant progress in the tax field in recent years. As a result of the radical reform of the structure of taxes, we now have a perfect taxation system. Taxation processes are being brought to an optimal level, which takes into account the strategic development goals of the population and the state.

Much attention is being paid to reducing the tax burden and thus further encouraging entrepreneurs and business entities to keep their own funds at their disposal. Our people are also trying to pay taxes on time for the development of our country and for the tax system to work more effectively. This serves to further accelerate the process of resources coming to the state budget.

RELATED WORK

The possibility of using foreign experience to increase the incentive function of tax benefits occupies a special place in the researches of I.M. Barannik from foreign economists.

The research analyzed the tax policy and its impact on the country's economic growth, studied various aspects of taxation, including tax rates, tax credits and benefits, and tax regimes for various sectors of the economy[2]. Kh.M. Musaeva's research is devoted to the problems of creating effective tax instruments for the efficient functioning of the economy and incentives, and despite the general reduction in the number of tax credits, it is recommended to create the most relevant and widespread mechanisms of tax regulation[3].

In the research conducted by S. N. Yuldashev, F. P. Azimova from the Uzbek economists, scientific proposals and practical recommendations were developed on the experience of tax policy in countries with a developed market economy and the possibilities of its effective use [4].

RESEARCH METHODOLOGY

In the article, research methods such as logical abstraction, induction and deduction, and systematic analysis are widely used.

ANALYSIS AND RESULTS

In order to further develop the tax system in the country, it is necessary to determine ways to further improve it. It is appropriate to emphasize the following ways of further improvement of the tax system in the conditions of the market economy:

1. Making decisions and developing programs for the further improvement of the tax system.
2. Optimizing the composition of direct and indirect taxes, that is, balancing their share in budget revenues.
3. Further increase the share of resource taxes in the state budget.
4. Developing better ways to collect taxes.
5. Carrying out measures for the correct implementation of the tax policy and tax mechanism, etc.
6. Further development of the mechanism for receiving tax and financial statements of taxpayers in electronic form and optimization of quick payment.

In the tax practice of our republic, cases of complete disregard for the principles of taxation, non-effective use of the given benefits, cases of their insufficient functioning are observed, taxpayers who have tax benefits do not know the essence of the benefits or, if they know, the full possibilities of using these benefits are not available, the determination of imperfect benefits, the financial performance of enterprises - there are a number of problems, such as economic incapacity, which in turn make the situation even more complicated. Such situations will certainly not affect the effective operation of benefits. In this regard, that is, according to the results of scientific studies conducted on the scope of the benefits given to taxpayers in reality and the possibilities of using them, as well as the scope of the influence of tax benefits on the state budget revenues and the financial activities of taxpayers, many economists have discussed the role of tax benefits in the tax system. There are controversial views by.

In particular, some of them recognize tax benefits not only as an incentive tool for regulating the economy, but also as a legal way to avoid paying taxes. But at the same time, there are completely opposite views to these views. Therefore, studying and analyzing the impact of tax incentives on the development of the country's economy and the stabilization of state budget

revenues at the micro and macro level, and developing measures to increase their effectiveness is considered one of the urgent issues.

We can observe two alternative directions related to the use of tax credits in the practice of global taxation.

The first is to categorize tax rates in some areas, using a general, higher tax rate, introducing a large number of tax credits and deductions from taxable income.

The second is the gradual abandonment of tax benefits and deductions, which will allow to expand the tax base and reduce the overall rate of taxation.

The first direction comes from the purpose of influencing the reproduction process and scientific and technical development, and the second direction comes from the purpose of creating the most favorable conditions for free economic activity in all areas of the economy.

In the first direction, the costs of state intervention in the economy will increase. Also, the state will have to bear the main part of the social expenses. High taxation makes this possible.

If we dwell on the second direction, the waiver of benefits does not always create an opportunity to expand the tax base and thereby reduce the overall tax rate. For this purpose, the amounts of benefits used in practice, not specified in the legislation, should constitute a significant share in relation to the total taxable income.

This cannot be said about the benefits that are actually used in the tax system of our country. In world practice, tax incentives are widely used, and they have different contents in different countries. The analysis of tax incentives used in the practice of the tax system of developed countries is particularly noteworthy. Privileges are primarily applied to each major type of tax (profit, value added tax), and their original purpose is more clearly expressed in current taxes.

Taking into account that tax incentives are primarily aimed at supporting production and entrepreneurship in general, they are also noteworthy for the fact that they are aimed at solving some social issues. Another type of tax incentives used abroad is the complete exemption from taxes and the establishment of "tax holidays", which are more commonly used in European countries. For example, in France, companies can organize temporary tax-free funds to encourage new entrepreneurs to invest abroad.

In Italy, after March 29, 1986, new companies established in certain "backward" regions can be exempted from corporate and local taxes for ten years. (From December 31, 1993, this privilege was somewhat reduced).

In Finland, along with full tax exemptions, investment tax credits are provided to encourage shipbuilding, one of the leading industries. In Belgium, a 10-year tax holiday is aimed at supporting small venture firms. In addition, the fact that the 10-year corporate tax exemption is provided to corporations that increase employment and make efficient use of production capacity while ensuring increased labor productivity is a sign of supporting economic growth in the country.

A more common object of tax incentives is investment activity. In many countries, profits for this purpose are fully or partially exempt from taxation. Often, technological equipment and its spare parts are exempt from value added tax (VAT) to encourage investment activities. In the taxation system of a number of countries, it is envisaged to create special investment funds that are not subject to income and some other types of taxes. For example, in Singapore, businesses with an annual gross income of 160,000 to 300,000 are exempt from all taxes. In many countries,

with the help of tax incentives, the organization of small enterprises, the attraction of foreign capital, scientific and technical developments of fundamental importance for the further development of the economy, environmental projects are encouraged, and the creation of new high-tech productions that help the production of competitive products in the world market is supported. Especially, it is widely implemented in the CIS countries during the period of economic modernization.

CONCLUSION AND SUGGESTIONS

Based on the above analytical data, it is possible to list the following specific features of setting tax credits in world practice:

- introduction of tax benefits based on the law;
- non-individual nature of tax benefits;
- non-discriminatory nature of tax benefits;
- discretionary use of tax benefits;
- non-existence of periods of application of tax benefits;
- priority over other taxpayers.

When we compare the tax system of foreign countries with the tax system of Uzbekistan, we can distinguish the following priority aspects that exist in them:

- economic and political stability of these countries;
- the fact that the tax system has not changed for many years;
- the formation of national tax traditions (Great Britain) and the formation of taxpayers who obey the law on the honor and respect of entrepreneurs (USA);
- high evaluation of the work of tax inspectors by the state;
- low share of the private sector in the economy (less than 10%).

These aspects formed in developed countries create the basis for the effective functioning of their tax system, in particular, the mechanism of tax incentives.

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