



THEME: THE PRINCIPLE OF FAIRNESS IN THE TAX SYSTEM AND ITS SPECIFIC CHARACTERISTICS

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Abstract: This article provides insights into the tax system of our country and its principles. Also, the content of the principle of fairness in the tax system and the latest changes in the field are highlighted.

Key words: tax, tax principles, fairness principle, state budget, tax source, financial relations, taxpayers, tax system.

In his address to the Oliy Majlis and our people, the President of our country **Sh.M.Mirziyoyev** said, "*Digital technologies not only increase the quality of products and services, but also reduce excess costs. At the same time, they are also an effective tool in eliminating the scourge of corruption, which worries and bothers me a lot. We all need to understand this deeply. "It is possible to widely introduce digital technologies in state and social management and social sphere, increase efficiency, in a word, dramatically improve people's lives¹"* he said.

Tax is a payment collected from organizations and individuals by state bodies to ensure the activities of state or local government. Taxes are the main source of state budget revenue. Also, tax, as an economic category, is a form of attracting part of the net income to the budget, and is a component of financial relations².

Taxes are mandatory payments levied by the state on the income or property of legal entities and individuals (individual citizens and enterprises) and transferred to the budget on the basis of current laws. Taxes are the main source of state budget revenues and one of the tools of state economic policy³.

Taxation is based on the principles of obligation, accuracy and cooperation of tax authorities with taxpayers, fairness, uniformity of the tax system, transparency and the presumption of the right of the taxpayer.

The tax system is based on a number of principles of taxation, the main of which are:

1. Universality and equality of taxation - every legal entity and individual is obliged to pay taxes established by law. It is not allowed to grant individual tax credits and benefits that are not justified in terms of constitutionally important goals. Equality in taxation requires taking into account the actual ability to pay taxes based on a comparison of economic opportunities.

2. Fairness of taxation - every individual and legal entity must pay tax depending on the profit and income. Taxes and fees may not be discriminatory and may not be applied

¹https://uza.uz/oz/posts/yangi-ozbekiston-taraqqiyotining-muhim-drayveri_474950

²<https://uz.wikipedia.org/wiki/Soliq>

³https://n.ziyouz.com/books/uzbekiston_milliy_ensiklopediyasi/O'zbekiston%20Milliy%20Ensiklopediyasi%20-%20S%20harfi.pdf

differently on the basis of social, racial, national, religious or other similar criteria. It is not allowed to establish differentiated tax rates and tax benefits depending on the form of ownership, citizenship of individuals or the place of origin of capital.

According to Article 10 of the current "Tax Code", the "Principle of Justice" is defined as follows: Taxes and fees should be discriminatory and based on social, racial, national, religious and other similar criteria. cannot be applied.

It is not allowed to establish differentiated tax rates, tax benefits or other advantages depending on the form of property, citizenship of individuals or the country of origin of capital.

It is also not allowed to impose taxes that prevent citizens from exercising their constitutional right⁴.

The principle of equity is the use of income and government programs people of equal rank must pay the same amount of tax⁵.

According to Adam Smith, a foreign economist, the principles that the tax system should meet include neutrality, fairness and ease of calculation. These principles have not lost their importance even today. Let's look at each of them in detail⁶.

Table 1. Principles of taxation and their features

<i>The principle of taxation</i>	<i>Characteristic</i>
<i>Neutrality</i>	Ensuring uniform tax standards for taxpayers. However, there is almost no neutrality in countries with transition economies. The wide classification of taxes and diversity of benefits discredits society and seriously undermines its social and economic stability.
<i>Justice</i>	The ability to collect tax payments from different categories of individuals and legal entities without harming the interests of each payer and provide the budget system with sufficient funds.
<i>Ease of calculation</i>	Creating a tax system using a set of functional tools that are understandable for tax collectors and taxpayers, such as tax rate and tax amount, to determine taxable income

⁴<https://lex.uz/docs/-4674902>

⁵<https://uz.wikipedia.org/wiki/Soliq>

⁶<https://ihaednc.ru/uz/obzor/principy-nalogooblozheniya-v-rynochnoi-ekonomike-ponyatie-naloga/>



Tax reforms⁷ - based on the coordination of tax theory and practice, they are state measures implemented with the aim of reducing the tax burden, simplifying taxation, and ensuring economic development with the help of taxes. Tax reforms are an important, integral part of economic reforms. The strategy of tax reforms implemented in the Republic of Uzbekistan is being formed based on the concept of establishing a legal and democratic state. Tax reforms carried out in Uzbekistan since 1991 can be divided into 3 main stages:

1. Creation of tax legislation in 1991-1994; establishment of a completely new system of taxes and payments and their introduction into economic practice; financial means i. Ch. infrastructure development, redistribution in order to achieve self-sufficiency with strategic resources; price increase and i. Ch. the living standard of the population does not decrease and social stability is maintained in the conditions of the decrease of tasks of forming the state tax service as an independent system have been completed.

2. In 1995-1999, tax reforms were implemented to improve the tax system and reduce the tax burden on enterprises. During this period, the Tax Code of the Republic of Uzbekistan was developed and adopted in 1997 on the basis of existing legislation on taxes.

3. On the basis of the changes made in the legislation of tax reforms since 2000, further reduction of the tax burden for citizens and enterprises, abolition of certain types of taxes, simplification of the system of taxation of small and medium-sized business entities, more complete realization of the principles of an effective tax system, conforming to world standards aimed at gradually establishing the tax system.

Tax reforms are carried out periodically in developed countries of the world. Introduction or cancellation of a certain type of tax, increase or decrease the share of certain types of taxes. Redistribution of tax revenues is carried out in other ways.

One of such reforms was on August 18, 2023, when our president Shavkat Mirziyoyev held an open dialogue with entrepreneurs and gave instructions on solving many issues that plagued them⁸. As a result of this, the practice of using the coefficient of interruption of VAT payment in the tax system, i.e. "Tax gap" and temporarily suspending the VAT certificate was completely canceled. From September 1, no VAT certificates will be suspended and their enforcement will be ensured. It can be withdrawn only on the basis of a court decision, when a violation of the law is detected.

To assess the fairness and equality of tax collection from taxpayers, in countries with a market economy, the concept of tax progressivity is used, that is, the ratio of the amount collected in the form of income tax to the amount of income. In this regard, the tax system distinguishes the following:

- proportional tax (the absolute amount of the tax is proportional to the employee's income);
- regressive tax (increasing tax in percentage as the employee's income decreases);
- progressive tax (the higher the tax as a percentage, the higher the income).

A much larger part of the collected tax sums corresponds to income tax. Income tax is levied on individuals and legal entities as a function of discretionary income and is progressive. The gross gross income of this type of taxpayer cannot be subscribed to from

⁷https://uz.wikipedia.org/wiki/Soliq_islohotlari

⁸<https://kun.uz/uz/news/2023/08/25/tax-gap-va-qqs-guvohnomasini-vaqtincha-toxtatish-amaliyoti-toliq-bekor-qilindi-soliq-qomitasi>

various sources, but only the taxable income obtained from it after the deductions provided by law.

Discounts include:

- production costs;
- advertising expenses;
- travel expenses;
- transport costs;
- a number of tax benefits and others.

References:

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