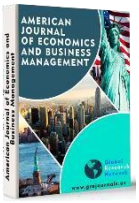

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Article

Features and Functions of Taxation of Property of Individuals in the New Uzbekistan

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Abstract: The article describes the characteristics and current problems of the practice of property tax collected from individuals based on the current tax legislation at the current stage of the modernization of the tax system of New Uzbekistan, the importance and tasks and prospects of solving them.

Keywords: Property and Capital, Value of Property and Capital of Individuals, Residual Value of Property, Cadastral Value of Property, Property Tax from Individuals, Elements of Property Tax From Individuals, Property Tax From Individuals Features of Property Tax Practice, Prospects of Property Tax Practice From Individuals.

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1. Introduction

The essence of the reforms aimed at improving the procedure for calculating and collecting property taxes from individuals in Uzbekistan is to encourage the effective and rational use of property by individuals through taxes, to fairly distribute the tax burden among taxpayers, and in this regard, "to develop practical measures to expand the tax base in each district and city"and to scientifically substantiate taxation of property and capital in ownership and use [1]. Currently, the issue of tax factors for the effective use of property by individuals is identified as an important direction in the Roadmap for the Implementation of the Development Strategy of New Uzbekistan for 2022–2026 in 2022, approved by Decree No. 60 of January 28, 2022, and in the "Uzbekistan-2030" Strategy, approved by Decree No. PF-158 of September 11, 2023 [2]. In general, in order to improve the procedure for calculating and collecting property tax from individuals, increasing the interest in effective property management, and increasing the share of this tax in stabilizing local budget revenues are problematic issues among our economists and specialists in the field, and the study of problems in this regard determined the relevance of the topic of our scientific article [3].

2. Methodology

The Tax Code and other by-laws generally provide for the elements of “property tax on individuals”, but the problems of these elements and the procedure for their improvement based on the new requirements of the modernization of the tax system in New Uzbekistan are not specified. At the same time, we can see that in the economic

literature there is no single approach to expressing the content of property tax on individuals.

Among foreign authors, Duncan M.S. in his opinion “put forward the basic idea of \u200b\u200bthe possibilities of financing local social benefits at the expense of property tax” [4].

Other authors - Nestico A., Galante M., in their work ““Wealth Tax” is critically analyzed as part of taxes on the property of individuals” [5].

Another group of authors, Lin C.C., Mohan S.B., “gave an overview of the specific regimes of taxation of individual property for each state of the USA” [6].

Brankovic S. in his research “Problems of the cadastral system of property valuation of individuals for taxation purposes and their solutions were studied” [7].

De Mare G., Nestico A. in their research “A fast, flexible model of property tax on individuals for the financial capabilities of local budgets was studied” [8].

As confirmed by the Web of Science and SCOPUS data, the most The works of Brueckner Jan K., Saavedra Luz A. who considered the issues of property taxation at the local level, were recognized as cited studies, it was noted that foreign authors such as Yan Song Yves Zenou analyzed the theory and practice of real estate taxation in the context of urban sprawl in the USA, and the largest number of publications on property taxation since the 1980s belongs to such an author as D. Shocist who proposed various options for reforming this tax area. According to Web of Science and SCOPUS, in 2023, 161 articles on property taxation were published in journals included in this database. The maximum number of citations is 13 and they are recorded in articles by co-authors such as S. Shazmin, I. Sipan, M. Sapri in which the ecological and energy-saving effects of property taxation are discussed. aspects have been considered, which shows the great interest of scientists in the problems raised in it [9].

In the researches of Kh. B. Aliev, one of the authors of the CIS, "Directions for improving the taxation of real estate of individuals in Russia are studied" [10].

In the researches of M.Yu. Berezin, "theoretical-methodological, methodological and practical foundations of improving the system of taxation of property of legal entities and individuals in the tax practice of the Russian Federation were researched" [11].

By N.M. Boboshko, "Methodological issues of property assessment and control in the practice of taxing the property of legal and natural persons in the context of establishing and improving the activities of the State Cadastre Institute" [12].

A.S. Lapinina's research "Dedicated to the study of the formation, tasks and prospects of the state cadastral system of assessment of the property of individuals for the purpose of taxation" [13].

In the work of A.A. Maletsky, “The issues of regulating the effective use of real estate objects of the population for commercial purposes through taxes were studied on the example of households” [14].

In the research of R.L. Margulis, “The trends in the practice of taxation of real estate of individuals were studied, its systemic problems and directions for their solution were highlighted” [15].

In the research of N.B. Savchenko, “The tax issues of the effective use of the property of individuals through their lease for commercial purposes were studied” [16].

In the research of S.V. Shlyankevich, “The problems of the implementation of the social function of the tax on the property of individuals were studied” [17].

In this scientific article, based on the goals and objectives of the research, we have presented in chronological order the research examples that have been defended by our local authors in recent years within the framework of the topic and that we have become familiar with Table 1.

Table 1. Characteristics of the topic studied in the samples of the research of the property tax levied on individuals by our local authors.

#	Authors	Source of the study sample	The level of study of the practice of property tax levied on individuals
1.	Musalimov Sh.I.	Improving the mechanism for calculating and collecting property tax. Abstract of the dissertation for the degree of Doctor of Philosophy in Economics. T: TMI, 2020.-59 p.	On the basis of reforms in the property tax system. The practice of calculating and collecting property taxes from individuals is also partially studied; the importance of property taxes in the formation of the revenue base of local budgets is highlighted.
2.	Boymurodov S.R.	Issues of increasing the efficiency of using land and property taxes in stabilizing local budget revenues. Abstract of the dissertation for the degree of Doctor of Philosophy in Economics. T: TMI, 2021.-58 p.	The property tax collected from individuals has been studied as an important source of revenue for local budgets and as a type of resource tax.
3.	Imamova M.V.	Improving the mechanism for collecting taxes from individuals. Abstract of the dissertation for the degree of Doctor of Philosophy in Economics. T: TMI, 2023.-57p.	Systematic reforms of the property tax of individuals have been studied as part of the taxes levied on individuals.
4.	Tulakov U.T.	Improving the methodology of real estate taxation. Doctor of Economic Sciences (DSc) dissertation. T: TDIU, 2025.-76 p.	In the conditions of the formation and development of the real estate market in our country, the methodology of real estate taxation has been researched based on the implementation of the tasks of the stages of transition to the practice of evaluating the real estate of legal entities and individuals based on the cadastral value.
5.	Umirov Kh.I.	Improving the mechanism of property tax collection in the formation of budget revenues. Abstract of the dissertation for the degree of Doctor of Philosophy in Economics. T: TDIU, 2026.-61 p.	The participation of income from property taxes in the formation of budget revenues was studied, and the mechanism of collection of property tax from individuals as a type of these taxes was studied.

Sh.I.Musalimov's research "on the basis of reforms in the property tax system in general, the practice of calculating and collecting property tax from individuals was also partially studied, the importance of property taxes in the formation of the revenue base of local budgets was highlighted" [18].

In the research of S.R.Boymurodov, "Property tax collected from natural persons was studied as an important source of income of local budgets and a type of resource taxes".

In M.V. Imomova's dissertation, "Systematic reforms of personal property tax were studied as part of taxes collected from individuals".

In the study of U.T. Tulakov, for the first time, "In the conditions of the formation and development of the real estate market in our country, the methodology of real estate taxation was researched on the basis of the implementation of the tasks of the stages of transition to the practice of assessing the real estate of legal entities and individuals based on the cadastral value" [19].

In the example of the research of Kh.I. Umirov, "The participation of income from property taxes in the formation of budget revenues was studied, the mechanism of collection of property tax from individuals as a type of these taxes was studied" [20].

3. Results and Discussion

A systematic representation of the elements of the property tax levied on individuals is shown in Figure 1.

An analysis of the fiscal significance of these tax revenues shows that, despite their growth in value in recent years, their share has tended to decline Table 2.

Table 2. Analysis of the fiscal significance of property taxes for individuals in the Republic of Uzbekistan in 2020-2025.

#	Indicators	Years						Change in 2025 vs. 2020 (more)
		2020	2021	2022	2023	2024	2025	
1.	State budget revenues (without targeted funds), trillion soums	132,9	164,7	200,0	231,7	274,4	308,5	4,5
2.	Revenues from property tax, billion soums	1974,3	2457,3	3173,8	5097,7	6 804,7	8846,1	4,5
3.	Revenues from property tax, in % (2:1x100)	1,5	1,5	1,6	2.2	2,5	2,87	1,9
4.	Receipts from property tax of natural persons, billion soums	733,4	881,2	1069,8	1488,4	2379,2	3045,4	4,1
5.	Revenues from property tax of natural persons, in % (4:2x100)	28,2	35,9	33,7	21,9	35,0	34,4	1,2

As shown in Table 2, in 2020-2025, the amount of property tax revenue increased by 4.5 times (8846.1 billion soums: 1974.3 billion soums), while their share increased by 1.9 times (2.87%: 1.5%). During this period, the amount of property tax revenue collected from individuals also increased by 4.1 times (3045.4 billion soums: 733.4 billion soums), while their share in property tax revenue increased by 1.2 times (34.4%: 28.2%). The tax collected from the property of individuals was calculated based on the inventory value of property until 2017, and from 2018, on the cadastral value [21].

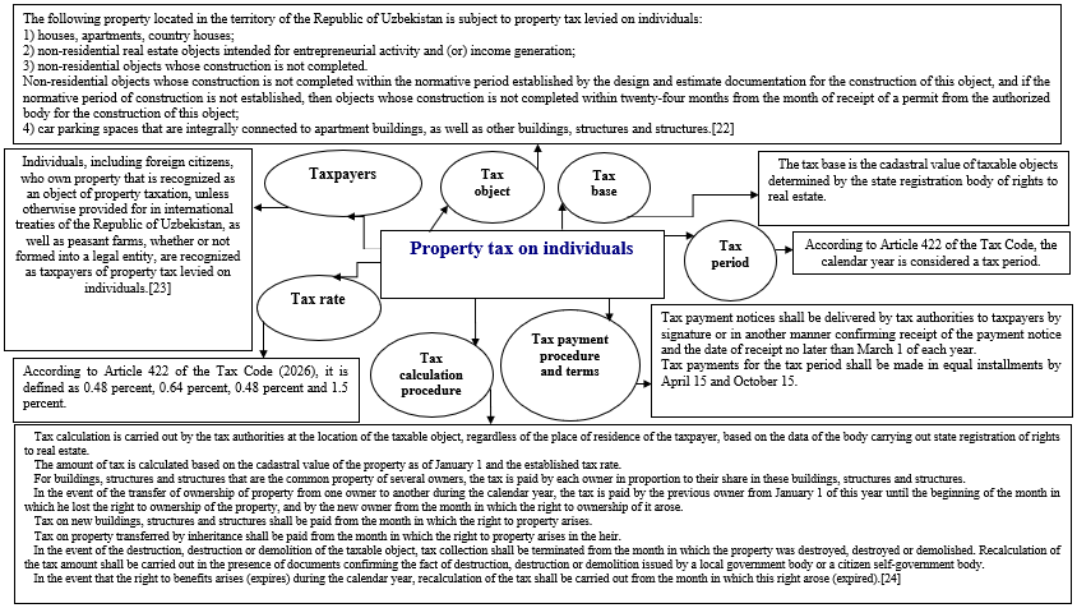

Figure 1. Description of the main elements of the property tax of individuals in the Republic of Uzbekistan.

A graduated progressive rate is used to calculate property tax for individuals in 2017-2026 Table 3.

Table 3. Changes in property tax rates for individuals in 2017-2026 (in percent).

Object of taxation	2017	2022	2023	2024	2025	2026
Residences, apartments (except for those with a total area of more than 200 sq. m.), country yards and garden sheds, garages and other buildings	1,7	0,25	0,28	0,34	0,34	0,36
In relation to the total area of residences and apartments located in cities:						
200 sq. m to more than 500 sq m	2,1	0,33	0,37	0,45	0,45	0,48
More than 500 sq.m.	2,9	0,44	0,49	0,6	0,6	0,64
Residences and apartments with a total area of more than 200 square meters, located in other residential areas	2,1	0,33	0,37	0,45	0,45	0,48

As can be seen from Table 3, during 2017-2026, property tax rates for individuals increased; one of the main reasons for this is the intention to direct the population's surplus

funds to investment in production and entrepreneurship, as well as to prevent the construction of luxury homes in urban areas.

The relatively rapid growth in property tax collected by individuals from properties with an area of more than 200 square meters and up to 500 square meters, and from objects with an area of more than 500 square meters during 2017-2026 requires additional measures to encourage individuals to use property for commercial purposes [25].

4. Conclusions

1. The socio-economic significance of property taxes for individuals stems from the content of the tax. By taxing property, firstly, the wealth of society, regardless of who it belongs to, is regulated through the mechanism of taxation, and secondly, a certain part of the wealth is redistributed to the state budget in accordance with the procedure established by law in order to finance its expenses. The state is interested in the increase in the property of individuals. Individuals, in turn, are interested in the inviolability of their property, in return for which they pay taxes to the state from their property in accordance with the established procedure and rates.
2. According to the general procedure for taxing property, property is taxed in two groups: immovable and movable property. Immovable property includes land plots, buildings, structures and other permanently located structures on them. Based on this approach, movable property, in turn, can be divided into land-related and non-land-related wealth. The increased ownership of real estate creates certain conditions in the current environment, since the object of property tax is mainly focused on real estate. Such a differentiation of the object of property tax limits the possibilities of using the levers of effective influence of taxes on the development of production, since in most cases real estate objects can be property that is directly used in production or not. From this point of view, in developed countries, property is taxed by dividing it into fixed assets that are involved in commercial activities and those that are not involved in commercial activities.
3. As a result of the annual increase in the number of non-residential objects of individuals intended for business purposes, the property tax collected from them is also increasing. This is certainly a positive indicator, and can be considered as a result of the positive impact of the introduction of differentiated property tax rates for residential property of individuals in recent years on encouraging wider use of property in entrepreneurial activities.
4. Systemic reforms of property tax levied on individuals are proceeding with corresponding changes in all elements of this tax:
   - According to the new procedure, the taxpayer is obliged to notify the tax authorities of the purchase of a taxable object;
   - A sharp increase in the number of taxable objects is observed;
   - A sharp increase in the tax base and the amount of tax paid as a result of the transition from the previous inventory value of property to the cadastral value system, which is close to its market value;
   - The implementation of measures to increase the fiscal significance of the progressive rate by increasing tax rates from 2023;
   - All taxpayers who are owners of taxable objects are expected in the near future by a slow but steady growth of the real estate tax burden, which may force some citizens to move to the suburbs of a slightly lower property taxation object, and on the other hand, this strategy is aimed at strengthening the local budget fiscal base.

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