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## Current Tax Policy on Support of Agricultural Enterprises in the Republic of Uzbekistan

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**Abstract:** The article analyzes the stages and current status of the introduction of new technologies on farms in Uzbekistan, the existing problems. Suggestions and recommendations on the development of organizational and economic mechanisms for the widespread introduction of new technologies in agriculture.

**Keywords:** budget policy, crisis, budget, tax breaks, tax administration, business entities, tax reporting, tax revenues, tax breaks, taxes, tax rates, preferences, taxes, agriculture, farmer, single land tax.

### Introduction

Today's production of agricultural goods is eventually impacted by global climate change and the rise of several pests. This calls for the development of agricultural production systems that utilize the available land, water, and other resources in an efficient manner while adapting to the negative effects of global climate change. The Republic of Uzbekistan's agricultural sector is currently modernizing and diversifying its economy. Based on the continued growth of farmers' activities, scientific and practical recommendations have been developed for the sustainable development of agriculture. The future rising food needs of the population are related to the activities of multifaceted farms and landowners. In light of the fact that, as the Honorable President "Increasing the output of fruits and vegetables, animals, and other food items is the only way to guarantee the stability of the price of food goods on the consumer market. Additionally, unless we fully use market processes in order to raise people's wages, add more employment, and expand production, we will not experience the dramatic transformation we anticipate "2020 (Address of Sh.M. Mirziyoev, President of the Republic of Uzbekistan, to the Oliy Majlis).

Agriculture currently has the greatest potential to guarantee the population's employment and income, upholding the nation's economic stability. The amount of agricultural products produced has significantly increased in recent years as a result of reforms made to the way farms, farms, and homesteads are organized and used. At the same time, they must make use of contemporary technology, create intensive

parks, provide them with all the assistance they need, begin producing exportable goods and enhance the conditions established for them, deliver efficient social support to the populace, and prevent a sharp decline in the population's income. It's crucial to have an effective tax incentive implementation mechanism.

### **Literature review**

The topic's investigation revealed that the financial assistance given to the agriculture industry in industrialized nations ranges from 40 to 50 percent of farmers' revenue, with certain nations (Norway, Japan) receiving as much as 60 to 70 percent. It should be highlighted that the state's financial support for agriculture is tied to this industry's qualities rather than the fact that the sector cannot sustain itself financially or operates in an effective manner.

According to American researchers Adelaja and Peterson (2007), the following three components should be included in the implementation of innovation in agriculture: Ideas, initiative, and capital come first.

According to Prokofev and Sibiryayev (2019), high indicators have been attained in this field as a result of the implementation of the agricultural development policy in conjunction with the targeted effective financial support mechanism by the state. As a result, the United States and the European Union are now acknowledged as global leaders in the field of agriculture. The mechanism of state financial support for agriculture in these nations entails a variety of influence techniques, but the methods and forms of support are correlated with the unique features of each nation's agriculture. The following active state participation in these processes is envisioned and implemented in the current idea of price formation of agricultural products in economically developed nations (Bornyakova, 2011): - to buy or sell non-expirable agricultural products for the purpose of commodity intervention and maintaining an acceptable price level; - to define the upper and lower limits of the price of agricultural products in order to manage the state's abrupt swings in prices.

According to Mayburov (2011), tax benefits come in the forms of tax credits, investment tax benefits, and tax holidays, and they allow you to receive benefits for changing the tax payment period in accordance with the law.

A more detailed definition is provided by Yuldashev (2011), who claims that benefits are tax reliefs that lower tax obligations in order to lessen the weight of the tax burden and to encourage taxpayers to engage in more efficient activities. Benefits also include non-individual and discriminatory nature, discretionary and indefinite application, and the creation of tax advantages (conveniences).

### **Methodology**

Comparative analysis, induction, and deduction evaluation techniques were applied in this article. Data and analysis on the taxation practices of farms in the field of agriculture were conducted using the comparative method, and scientific conclusions were provided.

### **Result and Discussion**

Based on the tenet that "If the people are wealthy, the state will be rich and powerful," today, numerous possibilities are being created to significantly enhance the business and entrepreneurial climate in our nation in order to assure the steady growth in the Uzbekistan.

Article 414 of the Republic of Uzbekistan's Tax Code

In part 1, paragraph 2, it is stated that the average annual residual value shall serve as the tax base for property on the balance sheets of agricultural enterprises used for the cultivation and storage of agricultural products as well as for the cultivation of silkworms, and for renewable energy sources

devices (with a nominal capacity of 0.1 MW or more for installing renewable energy sources, it is established that energy producers from renewable energy sources will be exempt from tax).

According to Section 1 of Article 428 of the Code, producers of energy from renewable sources are free from paying land tax for ten years following the commissioning of their equipment on land plots occupied by renewable energy sources (nominal capacity of 0.1 MW and more). Part 2 of this article also includes:

lands where plantations of trees are present;

lands that employ drip irrigation

freshly constructed land used for agriculture;

existing irrigated areas being reclaimed for use;

for a period of three years, whether or not agricultural crops are planted among the rows of trees on the lands occupied by newly established gardens, vineyards, and orchards;

It is established that lands with agricultural importance and lands in the forest fund used for direct scientific and educational purposes by scientific organizations, research organizations in the fields of agriculture and forestry, and experimental, experimental, and educational farms owned by educational institutions are exempt.

If there are reasons for the aforementioned tax benefits, the taxpayer must then justify their right to use them.

The single land tax is computed at 0.95% of the normative value of land plots that are owned, leased, or utilized for agricultural purposes. It is payable in two installments: 30% of the yearly tax amount by September 1 of the reporting year, and the remaining amount by December 1.

In accordance with Section 3 of the President of the Republic of Uzbekistan's Decree No. PF-5755, dated June 27, 2019, "On Measures to Further Regulate the Granting of Tax and Customs Benefits," from January to September 2019, the company had a turnover (income) of more than 1 billion soums, or single land tax payers who own more than 50 hectares of agriculturally irrigated land are considered value added tax payers and are required to register as As a result, it is decided that the single land tax payers who have attained the required amount of cash turnover (revenue) as of October 1, 2019, would start paying value added tax from the 1st of the month following the month in which this level was reached.

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There is no single land tax specified in the Law on Amendments and Additions to the Tax Code.

Based on the aforementioned, farms with more than 50 hectares of irrigated agricultural land are regarded as VAT payers as of October 1, 2019.

The society is also regarded as a payer of profit tax, personal income tax, water resource use tax, property tax, land tax, and social tax as on January 1, 2020.

The President of the Republic of Uzbekistan issued Decree No. PF-5969 on March 19, 2020, which was titled "On Priority Measures to Mitigate the Negative Impact of the Coronavirus Pandemic and Global Crisis on Economic Sectors." The Decree specifically states that tax authorities will waive property tax, land tax, and water resource use tax penalties for businesses that are temporarily struggling and will not take any action to pursue tax debt collection.

In comparison to the rates set in 2020, the tax rates for the use of water resources on the volumes used to irrigate agricultural land will be reduced by 50%.

Additionally, local government entities are permitted to postpone (pay in instalments for) the payment of real estate taxes, land taxes, and taxes for the use of water resources for a period of six months without adding interest.

By preventing the spread of the coronavirus infection, ensuring macroeconomic stability, ensuring the continued operation of economic sectors and industries in the face of other global threats, encouraging entrepreneurship, effectively supporting the population on a social level, and avoiding a sharp decline in per capita income, these measures have been adopted.

Pursuant to the decision of the President of the Republic of Uzbekistan dated September 29, 2017, "On additional measures for the comprehensive development of Tomdi, Uchkuduk, Konimekh, Nurota districts and the city of Zarafshan and the provision of employment for residents of the Navoi region" Tomdi, Uchkuduk, Konimekh districts of the Navoi region, registered and operating entrepreneurs in Dehibaland, Sentob, Temirkovuk, Kyzilcha, Gum and Cho'ya settlements of Nurota district and Zarafshan city from October 1, 2017 to January 1, 2028. Dividends received by the founders of legal entities registered and operating in these territories are exempt from the single social tax and income (profit) tax.

No, but they are exempt from paying land tax, in accordance with paragraph 12 of the President of the Republic of Uzbekistan's decision dated February 29, 2018 "On measures to fundamentally improve the wine industry and the sale of alcoholic products."

The Republic of Uzbekistan's President issued a decree on April 26, 2018, titled "On further steps to improve the operations of farmers, farms, and landowners."

According to clause 13 of the decision PQ-3680, the second letter, "Tomorqa service" LLCs are subject to all types of taxes for a period of three years beginning on the date of state registration under this decision, with the exception of value added tax.

For the first three years starting on January 1, 2019, fishing clusters with an annual fish production capacity of at least 50 tons will be exempt from all taxes (except VAT) and the state will not be required to make mandatory contributions to special funds, according to the President of the Republic of Uzbekistan's letter dated November 6, 2018 titled "Addendum on the further development of the fishing industry "On measures" PQ-4005, paragraph 7.

The Republic of Uzbekistan's Cabinet of Ministers adopted Decision No. 53 on January 30, 2020, regarding "Measures to Introduce Modern Forms of Organization of Cotton-Textile Production." Cash and property received and given by the organizers of cotton-textile production and farms that are not connected to sales of the goods produced by them, as well as the distribution of their net income, are not regarded as taxable objects, according to paragraph 6 of the fourth letter of this decision (except for value added tax).

According to the Decree of the President of the Republic of Uzbekistan dated November 29, 2018 No. PF-5587 "On measures to further promote the export potential of local producers," beginning January 1, 2019, goods (works, services), including through a commission agent (trustee) Legal entities with an export share of more than 15% of the total income from sales are subject to tax base, on the profit tax collected from legal entities on the portion of profit reductions on the portion corresponding to the sum of the single tax payment are specified.

The Republic of Uzbekistan's President issued a decree on November 3, 2017, titled "On steps to further liberalize international commerce and promote economic enterprises." The single period for calculating the formation of past-due receivables is 120 days from the date the customs cargo declaration for export operations of goods is issued, per decision PQ-3351, which takes effect on December 1, 2017. (trading houses, sales representative offices, subsidiaries, company stores, 180 days for goods exported to

dealership networks and consignment warehouses and by members of the Chamber of Commerce and Industry of the Republic of Uzbekistan to trade and investment houses of the Chamber).

The Republic of Uzbekistan's President issued a decree on January 12, 2018, titled "On Measures to Further Develop the Silk Industry in the Republic." Until January 1, 2023, organizations that are recognized as tax payers and are a part of the "Uzbekipaksanoat" association are exempt from paying land tax on the land areas occupied by tuzsors, as are organizations that use the simplified procedure for tax payment and single land tax-paying enterprises.

In accordance with the Decree of the President of the Republic of Uzbekistan dated March 29, 2018 No. PF-5388 "On additional measures for the rapid development of fruit and vegetable production in the Republic of Uzbekistan", an economic operator who grows seeds, seedlings and grafts in nurseries and greenhouses and supplies them to producers of agricultural products from January 1, 2018, organizations growing fruit and vegetable products have been given the right to pay a single tax payment on the amount of the premium, provided that their subjects are taxed at the rate provided for intermediary organizations, from January 1, 2018, and from April 1, 2018, one it is established that the products sold within the fruit-vegetable cluster will not be subject to value added tax and mandatory contributions to the state's target funds will not be levied.

In accordance with the decision of the President of the Republic of Uzbekistan dated September 16, 2017 "On measures for the implementation of the project "Development of the livestock sector in the Republic of Uzbekistan" with the participation of the International Bank for Reconstruction and Development and the International Development Association, within the framework of the implementation of the project, the International Reconstruction and Development Goods (works, services) and vehicles purchased at the expense of bank loans and International Development Association loans are exempted from value added tax, mandatory allocations and payments to state special funds.

In accordance with the decision of the President of the Republic of Uzbekistan dated October 20, 2017 "On additional measures to ensure food safety in the Republic and to further improve the activities of the Uzbekozigokatzakhira" association, starting from November 1, 2017, the preparation of the organizations that are part of the "Uzbekozigokatzakhira" association activity is equated with trade activity and the procedure of taxation of trade enterprises is applied to them, in which the single object of tax payment for this type of activity is the turnover taxed at the rates set for the relevant type of trade activity, and the turnover for the sale of agricultural products is single for a period of 5 years the procedure for tax exemption was established.

The renovation and modernization of new buildings, existing specialized warehouses, potato storage and freezer chambers, as well as the outfitting with modern high-tech equipment for processing and packaging food products, will be funded in part by the funds freed up in connection with the provision of the specified benefits. It has been decided that the "Uzbekozigokatzakhira" association's member organizations will hold half of the special account number, which will be used to finance the purchase, storage, and storage of fruit and vegetable products as well as the repayment of commercial bank loans.

Decision No. 449, dated August 24, 2006, of the Cabinet of Ministers of the Republic of Uzbekistan, titled "On Measures to Organize the International Specialized Exhibition and Trade of Mini-Technologies and Compact Equipment for Agriculture," was made. In accordance with clause 7 of this decision, businesses that import small-scale technologies and compact agricultural equipment as well as those that sell such products to domestic producers are exempt from paying value-added tax in order to participate in trade shows.

### **Conclusion and recommendation**



The research leads to the following recommendations for strengthening tax law and helping taxpayers lessen the effects of the world financial crisis:

- A five-year exemption from paying water taxes for locations that use drip and sprinkler irrigation systems currently in use;
- offering state budget subsidies to cover a portion of the investment costs for businesses making parts for water-saving technologies to produce products that are competitive and meet global standards;
- exempting manufacturers of water-saving technologies from paying any taxes or fees (aside from the single social payment), including manufacturers of drip and sprinkler irrigation technologies;
- the establishment of a separate fund to help finance the adoption of drip irrigation techniques, laser leveling, the installation of data-transmitting equipment, and the outfitting of water intake points with water management and measurement equipment.

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