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The Role of Tax Benefits in Socio-Economic Development

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Abstract: The article discusses the essence and significance of tax credits, their impact on socio-economic development, analyzes the views and views of foreign and domestic scientists on tax credits. Directions for expanding the impact of tax incentives on economic and social development were also noted.

Key words: tax benefits, tax base, tax rate, tax deductions, object of taxation.

One of the main elements of the tax system is tax credits. In a rationally designed tax system, it is important to tax consumption-oriented funds, while funds directed to the development of production can be fully (or partially) exempted from taxation. Therefore, the main task of the tax policy should be aimed at expanding the tax base and shifting the tax burden from production to consumption without negatively affecting the growth of consumer demand.

In general, it is possible to effectively influence the economy by changing the state tax rates. Additional incentives will be created for certain areas of financial flows and commodity flows due to changes in tax rates.

Therefore, taking into account the current situation in the regulation of the economic activity of the enterprise by means of tax incentives, first of all, it is necessary to develop a mechanism for regulating the formation of a competitive environment for the qualitative development of production, increasing the investment potential.

Ch. According to Thibo, the reduction of tax revenues due to the introduction of tax benefits can create risks in the provision of goods to the society. It follows from this that the tax policy should serve the welfare of the society and ensure that budget revenues are not reduced.[1]

The existence of a large number of benefits for taxes and fees puts the payers in an unequal position, forces them to give benefits to some business entities that earn less income, and the state increases tax rates to compensate for losses. The external attractiveness of the specified tax element hides serious problems for both the state and business entities.[2]

Tax incentives in Uzbekistan are aimed at supporting entrepreneurship and solving some social issues, but some economists point out that there are negative aspects of tax incentives. It follows from this that, along with supporting business activities, giving tax incentives can also open up ways for entrepreneurs to avoid taxes, and tax incentives can cause service providers to fall into indifference and carelessness. [3-4]

Prof. Q. Yahyoyev defines tax benefits as follows: "Exempting taxpayers from tax, reducing the amount of tax they pay (tax base) or easing the condition of tax payment is a tax benefit".[5]

Economist Sh. According to Gataulin, "Tax benefits are full or partial exemption from taxes (rebates, deductions, etc.) in accordance with current laws".[6]

Prof. T.S. According to Malikov, tax benefits mean a full or partial reduction of the tax payer's tax obligations, a delay or a postponement of the payment period. The incentive function of taxes is implemented through the system of tax credits. Tax relief is expressed in the change of the object of taxation, the reduction (reduction) of the taxation base, the reduction of tax rates, etc. Exclusion of elements, reduction of tax rates, targeted tax credits, tax credits (deferral of tax collection) and others are manifestations (types) of tax credits [7].

The existence of taxes and their benefits have always been associated with the emergence of the state. As stated in the decrees of the Great Master Amir Temur, "Taxes are the economic support and manifestation of the state" [8]. It can be seen that tax benefits directly depend on the economic power of the state (treasury), which reflects the relationship between tax benefits and the formation of budget (treasury) revenues.

If we look at the principles of taxation given in Timur's laws, they are also based on the benefits given in taxation. According to him, collection of mixed tax from taxpayers is the focus of tax policy. According to "Tuzuklari Timur", "Whoever cultivates a desert, cultivates a garden, or cultivates any vacant land, nothing shall be taken from him in the first year, and in the second year he shall receive what the raiyat has given with his consent, and in the third year, the tax should be collected in accordance with the laws" [8].

Creation of favorable legal and organizational conditions for the development of active entrepreneurship in the field of economic development and support of active entrepreneurship, introduction of innovative ideas and technologies, legal guarantees of protection of business entities and mechanisms of prevention of illegal interference in their activities, tax and customs policy, further improvement of the banking and financial sector, development of agrarian sector reform strategy, giving up individual benefits while providing benefits to economic sectors and sectors, active development of regions.

Advantages provided by the tax legislation for certain categories of taxpayers compared to other taxpayers, including the possibility of not paying taxes or paying them in smaller amounts, are recognized as tax benefits. Tax credits on certain taxes, value added tax, excise tax on the production and (or) sale of products subject to excise tax, land use tax and special rent tax for extracting minerals, except for the special rent tax for the extraction of minerals, taking into account the provisions of the sixth part of this article, only reducing the tax rate determined by the decisions of the President of the Republic of Uzbekistan, but in the form of a reduction of at most 50% and at most can be given for a period of three years [9].

It is also important to study tax benefits by conditionally dividing them into two groups:

- incentives for socio-economic development;
- benefits aimed at economic development.

The first group includes benefits that allow to solve the problem of employment of the population, are aimed at increasing the standard of living of the population, and are given for the purpose of social protection of the disadvantaged sections of the population. This group can also include incentives that encourage the rational use of financial, raw materials and resources.

In the second group, it is appropriate to include the privileges given depending on the specialization of the enterprises, their importance for the state in certain conditions, and the conditions of material and technical support.

In the second stage of the formation of tax legislation, special importance is attached to the stimulating role of taxes. At this stage, importance is attached to the fact that taxes take a fiscal role in managing the economy. That is, based on the economic situation, we observe that a lot of attention is paid to the role of taxes in managing the economy.

In the field of taxation of business entities, all enterprises (organizations) have the same conditions, their tax rights and obligations are mutually equal. Collection of specified taxes, fees and other mandatory payments, implementation of tax policy in the country directly implies regulation of the economy with the help of taxes. As a result of these measures, there are several positive results, such as social guarantee of the society, ensuring its financial stability, regulating the activities of economic entities engaged in entrepreneurship, economical use of natural resources and environmental protection. can be achieved.

Table 1. In 2022, the structure of tax incentives¹, billion soums

N°□	Tax type	Amount of benefits
1	Value added tax	8 446,65 (93,5%)
2	Personal income tax	146,6 (1,6%)
3	Profit tax	146,2 (1,6%)
4	Land tax	121,1 (1,3%)
5	Social tax	90,0 (1%)
6	Property tax	54,5 (0,6%)
7	Turnover tax	30,8 (0,3%)
	Total	9 035,90

The most used type of tax incentives is the personal income tax, which was used by 16,565 or 37.7% of economic entities. The tax type with the least benefit is profit tax, and 772 or 1.7% of business entities used this benefit. Businesses operating in the mining industry, oil and gas production, medicine, construction, banking, transport, pharmaceuticals, utility services, energy, insurance, recreation and other areas are eligible for benefits. used [10].

Tax incentives have a positive effect on the implementation of structural changes in the leading sectors of the economy and diversification of these sectors. In industrialized countries, tax incentives are widely used mainly in the management of the production process, scientific research, investment promotion and regulation. In the tax policy conducted in our country, tax incentives are aimed at stimulating investment activities, improving the financial activity of enterprises due to re-modernization of production with new technological equipment, and increasing the export potential of our country.

Due to the use of tax benefits, the funds of 5-8% of the average GDP remain at the disposal of economic entities every year [11].

¹ Information of the State Tax Committee of the Republic of Uzbekistan

We recognize the following as directions for expanding the impact of tax benefits on economic and social development:

- expansion of production and creation of new jobs;
- expansion of capital flows;
- increase the standard of living of workers;
- encourage rational use of available resources;
- promotion of investment attraction;
- to ensure the increase in the standard of living of the population.

Another purpose of using tax incentives is not only full or temporary tax exemption or tax reduction for some taxpayers, but also rational use of the funds left at the disposal of the enterprise.

There are also serious problems regarding the length of the benefits period in tax relations. In particular, failure to use the tax allowance on time by enterprises indicates that a certain amount of their funds will be transferred to the budget account and this, in turn, will lead to non-effective use of these funds. In general, the existing problems identified in the mechanism of application of tax incentives indicate that this mechanism has not yet been fully developed.

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