



## WAYS TO IMPROVE EXCISE TAX ADMINISTRATION IN UZBEKISTAN

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Article history:	Abstract:
<b>Received:</b> 26 <sup>th</sup> April 2025	The article examines the theoretical and practical aspects of excise tax collection, the importance of excise tax in the formation of revenues of the state budget of the Republic of Uzbekistan, and also examines the elements of the procedure for calculating, submitting tax reports and paying excise tax.
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**INTRODUCTION.** In conditions of market relations, the taxation mechanism, one of the main instruments of state regulation of the economy, the process of production, distribution and consumption, should have a direct impact on the economy and the economic activity of the country. It is no coincidence that the phrase «Taxes are the price of a civilized society» is carved on the facade of the building of one of the central tax offices of the United States in Washington.

Thus, taxes are used not only to regulate production, but also to stimulate the development of some sectors of the economy, while at the same time restraining the development of other less important ones. With the help of taxes, it is also possible to regulate consumption. For example, a tax such as an excise tax affects the demand and purchasing power for those goods to which it applies.

The problems of improving the excise tax are currently extremely relevant. Excise taxes are still the causes of debate in parliament, widely discussed in the press, but, unfortunately, this issue is ignored in domestic scientific journals and publications. Obviously, this state of affairs leads to contradictory legislation. Perhaps this is due to the fact that excise taxes are a relatively new phenomenon in our economy. In this regard, the study of the main directions for improving excise tax in Uzbekistan and the development of solutions to controversial issues from the point of view of both theoretical aspects of indirect taxation and tax administration, as well as research and analysis of international experience, seems very appropriate.

Since gaining independence, the Government of the Republic of Uzbekistan has fundamentally reformed the country's tax system. When reforming the tax system, the best practices of the leading countries of the world and the national tradition of the country are taken into account. The large-scale reforms carried out in the tax system contributed to the growth of the real income of the population, served

as the basis for the modernization of production, supporting small business and private entrepreneurship. As a result, the process of liberalizing the budget and tax system has become an important factor in the sustainable development of our economy.

All taxes in market economies are divided into two groups. The first is direct, levied either on income or on property and paid by the owners of the respective income and property. The second group is indirect taxes included in the price of taxable goods and services (either by adding to the price or by including in production costs). In normal economic conditions, these taxes are paid by the end users of goods and services. The excise tax is essentially an indirect tax that increases the price of a product and is paid by the consumer.

**ANALYSIS AND RESULTS.** Excise taxes are one of the oldest forms of indirect taxation [1]. The excise tax, being an indirect tax, has certain similarities with the value added tax, but differs from it in its individualization, binding to specific goods. Our excise tax has a lot in common with its counterparts abroad, but it also has its own specific features. In Uzbekistan, the excise tax was introduced in 1992 in accordance with the Law of the Republic of Uzbekistan «On Taxes from Enterprises, Associations and organizations» dated February 15, 1991 [2].

The excise tax, being an indirect tax, has certain similarities with the value added tax, but differs from it in its individualization, binding to specific goods. Our excise tax has a lot in common with its counterparts abroad, but it also has its own specific features, namely: the object of taxation is the selling (selling) price of excisable goods, which already includes excise duty at a set rate. This mechanism for setting the excise tax rate has developed historically and is generally justified. It also has a certain psychological significance, allowing



for the withdrawal of physical excise tax amounts 4-5 times higher than the selling price at an interest rate below 100%.

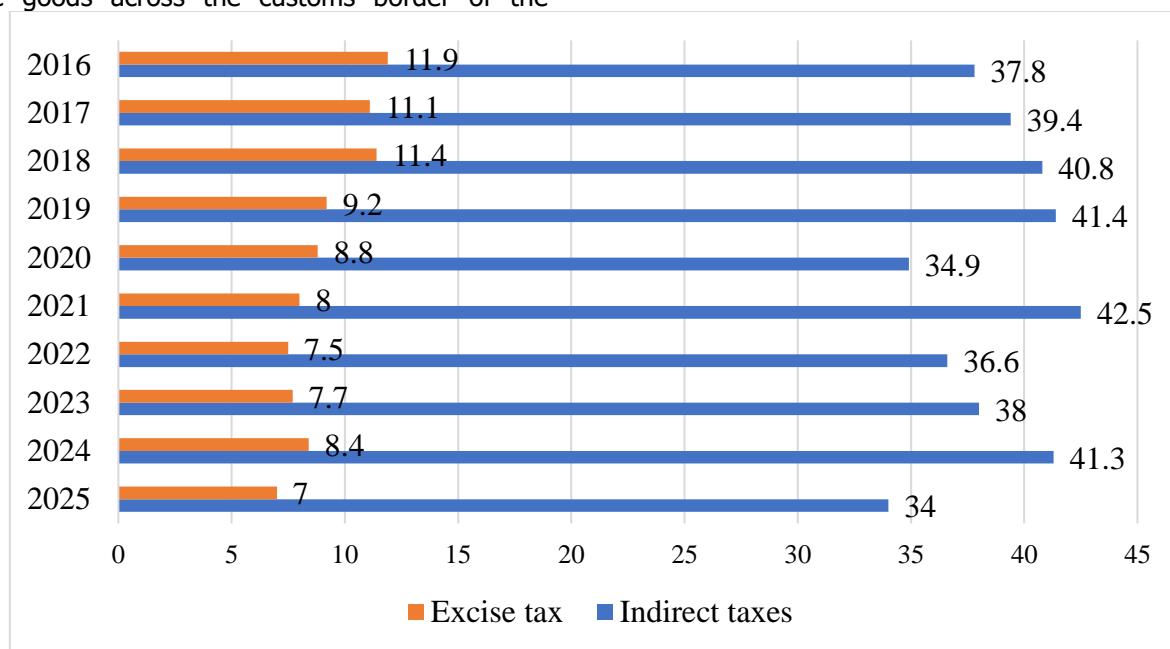
The list of goods subject to excise duty is differentiated by country, taking into account the specifics of the consumption structure. For example, in England, the USA and France, the number of excisable goods does not exceed four, in Japan there are more than 600 types of goods classified as luxury goods and delicatessen products, and in Uzbekistan this figure is about 14 items.

Currently, excise tax is levied by articles 283-293 of the Tax Code of the Republic of Uzbekistan. Excise taxes are levied on goods produced in the territory of the Republic of Uzbekistan, imported excisable goods across the customs border of the

Republic of Uzbekistan, as well as mobile telecommunications services.

Excise tax has become widespread in the modern world. The main reason for the widespread use of excise taxes from ancient times to the present day is its tangible fiscal benefits and the high rate of their receipt. Back in 1666, the French economist F. Damazon noted that the excise tax «is capable of bringing the treasury as much and even more than all other taxes» [3].

Excise tax plays a leading role in indirect taxation. Its revenues occupy a significant place in the revenue side of the budget of our state. The table shows the dynamics of changes in the share of excise tax in the revenues of the state budget of the country:



**Figure 1. Information on the share of excise tax in state budget revenues (as a percentage) [4]**

According to Article 283 of the Tax Code, excise tax taxpayers are recognized as persons [5]:

- producing goods subject to excise tax (excisable goods) on the territory of the Republic of Uzbekistan;
- selling natural gas to consumers;
- those that sell gasoline and diesel fuel to end users, including through gas stations, as well as gas through gas filling stations and filling stations;
- a trustee is a participant in a simple partnership who is charged with conducting the affairs of a simple partnership for activities related to the production of excisable goods carried out under a simple partnership agreement;
- moving excisable goods across the customs border of the Republic of Uzbekistan;

– foreign legal entities operating in the Republic of Uzbekistan through permanent establishments that produce goods or import goods subject to excise tax.

The object of taxation by excise tax is:

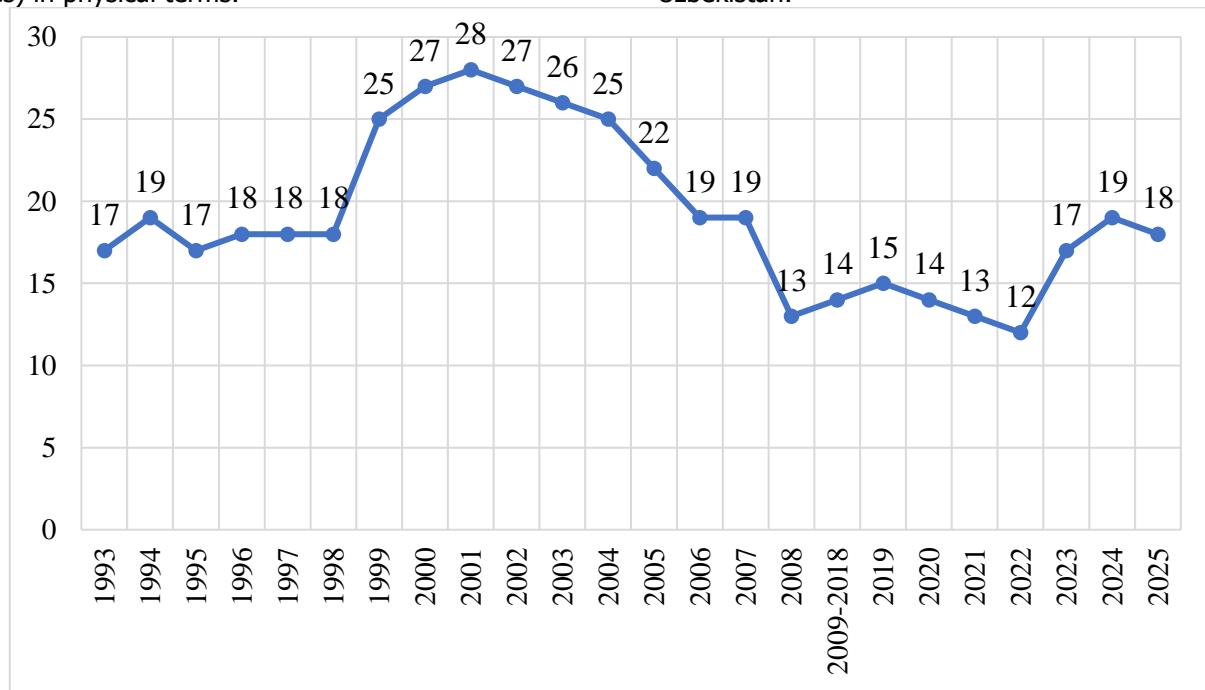
- sale of excisable goods, including the transfer of excisable goods in exchange for other goods (services);
- transfer of excisable goods as a contribution to the authorized capital (authorized fund) of a legal entity or the contribution of a partner (participant) under a simple partnership agreement;
- transfer of excisable goods for processing on a toll-free basis;
- the use of excisable goods for their own needs;



- import of excisable goods into the customs territory of the Republic of Uzbekistan;
- sale to end-users or use of gasoline, diesel fuel and gas for their own needs;

According to Article 285 of the Tax Code, the tax base is determined separately for each type of excisable goods (services), depending on the established tax rates [5].

For excisable goods (services) for which tax rates are fixed in absolute terms, the tax base is determined based on the volume of excisable goods (services) in physical terms.



**Figure 2. Information on the number of excisable goods [4]**

Tax rates are set as a percentage of the value of a good or service (ad valorem), in the absolute amount per unit of measurement in physical terms (fixed), as well as combined, consisting of ad valorem and fixed tax rates [5].

The tax is calculated based on the tax base and established tax rates. For imported excisable goods, for which combined ad valorem and fixed tax rates are established, the tax is calculated based on the tax base and the ad valorem tax rate. In this case, the amount of tax cannot be less than the amount calculated using a fixed tax rate.

Tax reports are submitted to the tax authorities at the place of tax registration on a monthly basis no later than the tenth day of the month following the tax period. The tax is paid no later than the deadline for submitting tax reports. Payment of tax on import of

excisable goods (services) produced, for which tax rates are set as a percentage (ad valorem), the tax base is the cost of the excisable goods (services) sold, but not lower than their actual cost.

For excisable goods subject to combined tax rates consisting of fixed and ad valorem tax rates, the tax base is determined based on the volume of excisable goods in physical terms and the value of the excisable goods sold.

The list of excisable goods and tax rates are approved by the Tax Code of the Republic of Uzbekistan.

excisable goods is carried out within the time limits established by the customs legislation. For imported excisable goods subject to marking with excise stamps, the tax is paid before the purchase of excise stamps.

Since October 1, 1996, the practice of applying excise stamps to alcohol and tobacco products, both manufactured in the republic and imported. This measure is aimed at establishing State control over the production, import and sale of certain types of goods in order to prevent their illegal import or production on the territory of the Republic of Uzbekistan and protect the interests of domestic consumers.

**CONCLUSION.** As a result of our research, we considered it acceptable to make the following proposals to improve the excise tax collection mechanism, in particular:



- excise taxes are an important source of tax revenue during the transition period;
- excise taxes are one of the few levers of government influence on the economic processes taking place in society.;
- improving taxation in the field of excise taxes is one of the most important conditions for improving the economic situation and replenishing the state budget.;
- the main principles of the reform of excise taxation are the establishment of such rules for their payment, which would limit the possibility of tax evasion to the maximum extent.
- the application of excise tax to goods that are socially harmful or cause negative consequences has certain positive aspects. Such taxation serves to limit the consumption of goods with a certain dangerous potential, such as alcoholic beverages and tobacco products, or the consumption of gasoline or other fuels that pollute the environment. Such indirect benefits create additional tax efficiencies, but most excise taxes are usually (and should be) introduced to generate tax revenue.;
- in accordance with the tax legislation of the Republic of Uzbekistan, excise tax is taken into account in the price and on the basis of value added tax. Based on this, when taxpayers import excisable goods into the customs territory of the Republic of Uzbekistan, the amounts of customs duty and excise tax are taken into account in the tax base when calculating value added tax. In our opinion, the mechanism of tax collection is somewhat distorted here, that is, the amounts of excise duty and duties are also included in the value-added tax base. That is, the amount of excise tax is included in the tax base, which means paying the tax again for the tax paid. This contradicts the principles of certainty and fairness of taxation.

The implementation of the outlined proposals will make it possible to use excise tax as a means of regulating consumption and stimulating production, accelerate the process of improving excise tax in the context of economic liberalization, and create a basis for increasing budget revenues through the creation and development of national production.

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