

Analysis of Tax Benefits on Profit Tax

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Abstract: This article analyzes the scientific interpretation of the issues of stimulating income tax payers through tax credits, the legal basis for providing tax credits, as well as tax benefits provided for income tax.

Keywords: Tax benefits, benefits, tax base, tax report.

Introduction: The incentive function of taxes is one of the important tasks of the tax system, actively influencing the development of production, the efficient use of material, raw material, financial and labor resources, accumulated property, that is, reducing the volume of taxation. By reducing the tax burden, it is possible to stimulate the development of production, strengthen the financial situation and investment activity. Tax incentives, unlike other means, are aimed at encouraging or supporting taxpayers by reducing their tax obligations or creating other taxation conditions that are more favorable than those of other taxpayers.

Tax benefits granted to taxpayers under the profit tax must meet the following criteria:

- exclusion of certain types of expenses from taxable profit;
- reduction of rates for certain types of organizations;
- exemption from profit tax for certain types of activities;
- exemption from profit tax for certain types of organizations;
- exemption from profit tax for certain types of organizations for a certain period during the initial period of their activities.

Literature review

According to N.V. Balabanova and T. R. Valinurov, tax incentives are one of the methods of regulating indirect

taxes and creating more favorable business conditions for their recipients.

Tax incentives are a type of legal privileges, since they are a reduction or complete non-payment of taxes and fees by the taxpayer in order to ensure the interests of economic relations within the framework of the relevant process. [1]

In her scientific works, N.R. Kuzieva made a number of proposals to further stimulate the attraction of foreign investments to free economic zones operating in our Republic and to further improve the mechanism for the effective operation of tax and customs privileges granted to enterprises with foreign investment. [3]

F. Rakhmatullaeva defined tax privileges as a category as follows: "privileges are a set of ways, rights and obligations of a taxpayer to fully or partially reduce his tax obligations in the manner established by law in order to regulate the economy by the state and solve social problems"

In order to reveal the essence of tax benefits, Z. Kurbanov and F. Akramov theoretically studied them into three groups:

- full or partial exemption from taxes;
- tax deductions;
- tax credits (long-term deferred obligations for taxes and mandatory payments). [4]

According to Z. Z. Urmonov, "tax benefit is the opportunity for taxpayers, in accordance with the Tax

Code and other legislative acts, to reduce their tax liability, reduce the tax rate and tax base, not pay taxes and other mandatory payments or pay them in a smaller amount.” [5]

Based on the above, we can conclude that tax benefits are provided to encourage taxpayers and attract foreign investments, support investors and create conditions for them.

Empirical findings and discussion

Decree of the President of the Republic of Uzbekistan No. PF-6019 dated July 6, 2020 “On additional measures to further develop the competitive environment and reduce state participation in the economy” was adopted. This Decree was adopted in order to create a competitive environment in our country, to reduce state participation in the economy, to further reduce the negative impact of the monopoly of economic entities with state participation on the competitiveness of the economy, to increase the efficiency of the system of granting privileges and preferences, as well as to reduce the regulatory burden on business entities. Based on this Decree, the Antimonopoly Committee was tasked with implementing the following tasks:

The Decree of the President of the Republic of Uzbekistan No. PF-4947 dated February 7, 2017 "On the Strategy of Actions for the Further Development of the Republic of Uzbekistan" establishes the implementation of state control over the effectiveness of state support provided in the form of tax benefits, preferences and exclusive rights to carry out activities, and in case of their negative impact on the competitive environment, to make proposals for their cancellation, to establish any types of benefits, guarantees, preferences for business entities, as well as to grant new rights, including exclusive rights, to develop criteria for the effectiveness of benefits and preferences, and to form a list of business entities using benefits and preferences.

In addition, the Decree of the President of the Republic

of Uzbekistan No. PF-101 dated April 8, 2022 “On the next reforms to improve the business environment and create conditions for sustainable economic growth through the development of the private sector”, No. PF-287 dated December 30, 2022 “On measures to classify the regions of the republic into categories and introduce a tiered system of entrepreneurship support”, No. PF-162 dated June 28, 2022 “On measures to create favorable conditions for business during the period of tax administration reform”, No. PP-73 dated December 30, 2021 “On measures to ensure the implementation of the Law of the Republic of Uzbekistan “On the State Budget of the Republic of Uzbekistan for 2022”, No. PP-471 dated December 30, 2022 “On the Budget of the Republic of Uzbekistan for 2023 The issues of granting tax privileges are also reflected in the decrees and resolutions "On measures to ensure the implementation of the Law of the Republic of Uzbekistan "On the State Budget".

The legal framework of the tax system of the Republic of Uzbekistan is improving. If we pay attention to all tax legislation adopted to date, we can see general similarities in determining tax benefits in all of them. That is, in all legislative acts, benefits for types of taxes are mainly provided in the following forms:

- complete exemption from tax;
- temporary or partial exemption from tax;
- in the form of a reduction in the tax base.

In our country, starting from January 1, 2023, differentiated rates of profit tax are being implemented in the following order, depending on the characteristics of the sectors of taxpayers:

- the basic rate of profit tax is 15%,
- for certain categories - 20%,
- in certain sectors - 0%,
- at a rate reduced by 50% - 7.5%.

We will consider an analysis of tax benefits granted to large taxpayers in 2022-2023 in our country, including income tax.

Table 1

Tax benefits used by large taxpayers in 2022 (in terms of tax types), billion soums

Т/р	Tax type	Солиқ имтиёзлари фойдаланилган		Улуши, %
		Ҳолатлар Сони	Суммаси	
Жами		14939	46348,7	100
1.	VAT	9056	43373,4	93,6

2.	excise tax	7	1,8	0,004
3.	Profit tax	178	2,106,3	4,5
4.	Land tax levied on legal entities	1553	346,8	0,7
5.	Tax on property of legal entities	1512	113,6	0,2
6.	Personal income tax	2446	206,6	0,4
7.	Tax for use of water resources	16	4,3	0,01
8.	Social tax	171	195,9	0,4

In 2022, the total amount of tax benefits granted amounted to 72,963.7 billion soums, while the amount of benefits granted to large taxpayers amounted to 46,348.7 billion soums, or 63.52% of the total benefits. This ratio is also the same for individual types of taxes. For example, the total tax benefits under VAT amounted to 64,107.9 billion soums, of which 43,373.4 billion soums, or 67.66%, were tax benefits granted to large taxpayers under VAT. 93.6% of the tax benefits granted to large taxpayers fell on VAT, and 4.5% on the

share of profit tax. The amount of tax benefits granted under profit tax amounted to 2,106.3 billion soums.

An analysis of tax incentives applied by tax type in the Republic of Uzbekistan in 2020-2024 was presented, showing that tax incentives were used in the amount of 31,065.6 billion soums in 2020, 43,479.3 billion soums in 2021, and finally, in 2022, 72,963.7 billion soums, in 2023, 69,777.9 billion soums, and in 2024, 83,276.3 billion soums.

Table 1
Analysis of tax incentives applied by tax type in the Republic of Uzbekistan in 2020-2024, in billion soums

№	Tax type	2020	2021	2022	2023	2024
Total :		31 065,6	43 479,3	72 963,7	69 777,9	83 276,3
1	VAT	24 643,3	36 766,3	64 107,9	57 287,9	68 355,5
2	Profit tax	2 930,0	2 219,5	4 641,3	5 021,7	6 212,1
3	Land tax	1 313,2	2 575,9	931,8	1 697,6	2 135,5
4	Income tax of individuals	917,9	1 073,8	1 028,3	1 024,6	1 566,9
5	Tax for use of water resources	443,7	39,1	12,3	28,5	92,1
6	Social tax	346,5	386,3	1 187,4	1 998,8	3 036,7
7	Property tax	274,0	306,1	933,0	1 399,6	1 645,7
8	Turnover tax	196,9	112,3	97,2	61,4	231,8

If we look at the individual tax types, it can be seen that in 2020, the amount of benefits provided under VAT

amounted to 24,643.3 billion soums, making it the type of tax with the largest benefits. In 2023, this amount will be 57,287.9 billion soums for this type of tax and 68,355.5 billion soums in 2024, which is 82.08 percent of all tax benefits. Benefits provided under profit tax amounted to 6,212.1 billion soums in 2024, which is 7.46 percent of total tax benefits.

CONCLUSIONS

In short, encouraging taxpayers through incentives ensures additional tax revenues to the budget. Application of the differentiated rate of profit tax creates a number of reliefs in taxation.

Based on the inventory of tax benefits and preferences provided by the tax legislation in our country, it can be concluded that it is necessary to systematize them in order to increase efficiency.

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