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MAIN DIRECTIONS AND PECULIARITIES OF TAX POLICY IN THE CONTEXT OF ECONOMIC LIBERALIZATION

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Abstract. This study analyzes the main directions and peculiarities of tax policy in Uzbekistan under conditions of economic liberalization. It examines the principles, objectives, and tools of tax policy, emphasizing their role in promoting market-oriented reforms, investment attraction, and economic growth. The research evaluates how tax policy adjustments impact business activity, fiscal sustainability, and compliance. By reviewing legislation, economic data, and international practices, the study provides recommendations for optimizing tax policy to support liberalization, stimulate entrepreneurship, and ensure effective revenue collection.

Keywords: Tax Policy, Economic Liberalization, Fiscal Strategy, Market Reforms, Investment, Business Environment, Uzbekistan

Introduction

Economic liberalization, characterized by market-oriented reforms, deregulation, and increased private sector participation, has a profound impact on the fiscal and tax policy framework of Uzbekistan. In such a context, tax policy plays a crucial role in guiding economic behavior, stimulating investment, and ensuring sustainable revenue generation. The main directions of tax policy under economic liberalization involve creating incentives for entrepreneurship, simplifying tax procedures, and balancing state revenue needs with business competitiveness.

The peculiarities of tax policy in this environment stem from the dynamic interaction between regulatory frameworks, market forces, and the need to attract both domestic and foreign investments. Policymakers must consider the effects of tax rates, exemptions, and incentives on corporate decision-making, resource allocation, and economic growth. Effective tax policy should promote compliance, support market development, and enhance fiscal stability without imposing excessive burdens on businesses.

This study aims to analyze the main directions and unique characteristics of tax policy in Uzbekistan during economic liberalization. It focuses on understanding how policy adjustments influence business activity, investment decisions, and revenue collection, and explores strategies to optimize tax policy to support sustainable economic development.

Literature Review

Tax policy in the context of economic liberalization has been extensively studied worldwide due to its critical role in shaping market economies. According to Bird and Zolt (2019), effective tax policy under liberalized conditions should balance revenue generation with the need to stimulate private sector activity and investment. Overly burdensome taxes can discourage entrepreneurship and slow economic growth, whereas well-structured incentives can promote market expansion and innovation.

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In Uzbekistan, several scholars have explored the evolution and peculiarities of tax policy during economic reforms. Karimov (2021) emphasizes that tax incentives, simplified procedures, and sector-specific adjustments are essential to support the transition to a market-oriented economy. Tursunov (2022) notes that policy adjustments must consider the dynamic interplay between tax rates, compliance, and investment behavior to ensure fiscal sustainability and economic growth.

Comparative international studies indicate that countries successfully implementing liberalization adopt policies that include clear taxation rules, targeted incentives for strategic sectors, and mechanisms to reduce compliance costs (OECD, 2020). These practices highlight the importance of tailoring tax policy to the specific economic and institutional context while promoting transparency, fairness, and efficiency.

Overall, the literature confirms that tax policy in a liberalized economy must be strategically designed to stimulate investment, enhance compliance, and support sustainable economic development.

Methodology

This study employs a qualitative and analytical approach to examine the main directions and peculiarities of tax policy in Uzbekistan in the context of economic liberalization. The research is based on a comprehensive review of the Uzbek Tax Code, government policy documents, economic reports, and statistical data on tax revenue, business activity, and investment trends.

Comparative analysis is applied to evaluate international experiences in tax policy during economic liberalization, identifying best practices and potential lessons for Uzbekistan. Case studies of selected sectors illustrate the practical impact of tax policy adjustments on corporate decision-making, investment behavior, and economic growth.

Additionally, interviews with policymakers, tax officials, and corporate managers provide insights into the operational challenges, compliance behavior, and economic effects of tax reforms. By integrating legal analysis, economic evaluation, and practical perspectives, this study aims to propose recommendations to optimize tax policy, enhance compliance, and stimulate investment in a liberalized economy.

Analysis and Results

The analysis of tax policy under economic liberalization in Uzbekistan reveals several key directions and peculiarities. One major trend is the simplification of tax procedures to reduce administrative burdens and enhance compliance. Simplified filing systems and digital reporting mechanisms have been introduced to facilitate taxpayer engagement and minimize errors.

Another important direction is the use of targeted tax incentives to stimulate investment and entrepreneurship. Preferential tax rates, exemptions for strategic sectors, and investment allowances encourage both domestic and foreign businesses to expand operations and contribute to economic growth.

Statistical data indicate that these policy measures have positively influenced business activity and investment levels, although challenges remain. Some enterprises face difficulties in understanding complex regulations, while inconsistencies in enforcement can undermine the intended effects of policy reforms. Interviews with tax officials and business managers highlight the need for clearer guidelines, consistent application of rules, and ongoing monitoring to ensure effectiveness.

Comparative international studies demonstrate that countries implementing liberalization successfully combine simplified tax procedures, transparent regulations, and

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sector-specific incentives to promote economic growth while maintaining fiscal sustainability (OECD, 2020). In Uzbekistan, a balanced approach that aligns revenue needs with business incentives is essential to optimize tax policy outcomes.

Overall, the findings suggest that well-structured tax policy under economic liberalization can stimulate investment, improve compliance, and support sustainable economic development, provided that administrative efficiency and clarity are maintained.

Conclusion and Recommendations

In conclusion, tax policy in the context of economic liberalization plays a pivotal role in shaping Uzbekistan's market-oriented economy. It not only ensures sustainable state revenue but also influences investment decisions, entrepreneurship, and overall economic growth. The main directions of such a policy include simplification of tax procedures, digitalization of reporting, and targeted incentives for strategic sectors. The peculiarities of this policy arise from balancing revenue collection with the need to foster a favorable business environment, attract investment, and encourage compliance.

To optimize the effectiveness of tax policy in a liberalized economy, the following recommendations are proposed:

1. **Simplification of Tax Procedures:** Streamline filing and reporting processes to reduce administrative burdens on businesses and enhance compliance.
2. **Digitalization of Tax Administration:** Implement advanced digital systems to facilitate automated reporting, monitoring, and data analysis.
3. **Targeted Tax Incentives:** Provide preferential rates, exemptions, or investment allowances for strategic sectors to stimulate entrepreneurship and attract investment.
4. **Clear Guidelines and Training:** Develop comprehensive guidance materials and conduct training programs for tax officials and business managers to ensure uniform application of tax rules.
5. **Monitoring and Evaluation:** Establish robust monitoring mechanisms to assess the impact of tax policy, ensure consistency, and make timely adjustments as needed.

By adopting these measures, Uzbekistan can enhance the effectiveness and transparency of its tax policy, promote investment and entrepreneurship, support market-oriented reforms, and ensure sustainable economic development.

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