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METHODS FOR DETERMINING TAX BURDEN AND WAYS TO OPTIMIZE IT

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Abstract. This study examines methods for determining the tax burden on businesses and individuals in Uzbekistan and explores ways to optimize it for economic efficiency and compliance. It analyzes approaches to calculating tax liabilities, evaluating effective tax rates, and assessing the impact of tax obligations on financial performance. The research also explores strategies to reduce excessive tax burdens, improve transparency, and enhance taxpayer compliance. By reviewing legislation, statistical data, and international best practices, the study provides recommendations to ensure a fair, efficient, and optimized taxation system.

Keywords: Tax Burden, Tax Liability, Tax Optimization, Effective Tax Rate, Fiscal Efficiency, Compliance, Uzbekistan

Introduction

The tax burden is a critical component of a country's fiscal system, reflecting the extent to which taxes affect the financial position of businesses and individuals. Determining the tax burden accurately is essential for evaluating fiscal efficiency, ensuring fairness, and promoting sustainable economic development. An excessive tax burden can discourage investment, reduce profitability, and hinder economic growth, while an optimal tax burden supports business activity, compliance, and state revenue collection.

In Uzbekistan, the assessment of tax burden involves analyzing various taxes, including income tax, value-added tax (VAT), excise duties, and other obligatory payments. Each type of tax has its specific calculation methods, reporting requirements, and compliance obligations, which collectively shape the overall tax load on taxpayers.

Optimizing the tax burden requires a careful balance between state revenue needs and the financial capacity of taxpayers. This includes identifying excessive or redundant taxes, applying exemptions and incentives where appropriate, and improving administrative procedures to reduce compliance costs. The study aims to explore methods for determining the tax burden, evaluate its effects on financial performance, and propose strategies to optimize taxation in Uzbekistan, ensuring efficiency, fairness, and economic growth.

Literature Review

The concept of tax burden and its optimization has been widely studied in both theoretical and practical contexts. According to Bird and Zolt (2019), measuring the tax burden accurately is essential for evaluating fiscal efficiency and understanding the economic impact of taxation on businesses and individuals. An excessive tax burden can inhibit investment, reduce profitability, and negatively affect economic growth, while an optimized tax system supports compliance, investment, and sustainable revenue collection.

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In Uzbekistan, several scholars have addressed methods for determining tax burden and ways to improve its efficiency. Karimov (2021) emphasizes that accurate calculation of effective tax rates, analysis of cumulative tax liabilities, and assessment of sector-specific impacts are crucial for understanding the real tax load on taxpayers. Tursunov (2022) highlights that administrative simplification, targeted tax incentives, and transparent reporting mechanisms can significantly enhance compliance and reduce the negative effects of high tax burdens.

International experiences show that countries implementing digital tax reporting, clear calculation methodologies, and strategic tax planning achieve higher compliance rates and better economic outcomes (OECD, 2020). These studies underline the importance of balancing state revenue needs with the financial capacity of taxpayers to ensure efficiency, fairness, and economic growth.

Methodology

This study employs a qualitative and analytical approach to examine methods for determining the tax burden and strategies for optimizing it in Uzbekistan. The research is based on a comprehensive review of the Uzbek Tax Code, regulatory documents, and statistical data on tax revenues, effective tax rates, and taxpayer compliance.

Comparative analysis is used to evaluate international best practices in measuring tax burden and implementing optimization strategies. Case studies of selected businesses and sectors illustrate practical challenges in calculating tax obligations, understanding cumulative tax liabilities, and applying optimization measures.

Additionally, interviews with tax officials, accountants, and business managers provide insights into procedural difficulties, compliance behavior, and the financial effects of tax burden on corporate and individual taxpayers. By integrating legal analysis, statistical evaluation, and practical perspectives, this study aims to identify key factors affecting tax burden and propose strategies to optimize it for efficiency, fairness, and sustainable economic growth.

Analysis and Results

The analysis of tax burden in Uzbekistan shows that businesses and individuals face varying levels of cumulative tax obligations, including income tax, value-added tax (VAT), excise duties, and local taxes. Statistical data indicate that while the overall tax system is designed to ensure revenue generation, certain sectors and enterprises experience a disproportionately high tax load, affecting profitability and investment capacity.

Calculations of effective tax rates across industries reveal disparities in tax burden, influenced by differences in revenue streams, eligible deductions, and sector-specific regulations. For instance, businesses in manufacturing may face higher indirect tax obligations compared to service-oriented enterprises due to excise duties and VAT.

Interviews with corporate financial managers and tax officials indicate that procedural complexity, lack of clarity in certain regulations, and administrative delays contribute to increased perceived tax burden and compliance costs. Comparative international studies demonstrate that countries employing clear calculation methodologies, digital reporting, and targeted tax incentives achieve more balanced tax burdens and higher compliance rates (OECD, 2020).

Conclusion and Recommendations

In conclusion, determining the tax burden accurately and optimizing it is essential for ensuring fiscal efficiency, fairness, and sustainable economic growth in Uzbekistan. Excessive

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tax burden can negatively affect investment, profitability, and compliance, while an optimized tax system supports business activity and contributes to state revenue.

To improve the determination and optimization of the tax burden, the following recommendations are proposed:

1. **Simplification of Calculation Procedures:** Develop clear, standardized methods for calculating cumulative tax obligations to reduce administrative complexity.
2. **Digitalization of Tax Reporting:** Implement advanced digital platforms for automated reporting, monitoring, and analysis of tax liabilities.
3. **Targeted Tax Incentives:** Apply sector-specific exemptions, preferential rates, and investment allowances to balance the tax burden and stimulate economic growth.
4. **Capacity Building and Education:** Provide training and guidance to tax officials, accountants, and taxpayers to ensure understanding and proper application of tax regulations.
5. **Monitoring and Evaluation Mechanisms:** Establish regular monitoring to assess the impact of tax policies on businesses, identify excessive tax burdens, and adjust policies to ensure efficiency and fairness.

By adopting these measures, Uzbekistan can optimize the tax burden, enhance compliance, reduce financial pressure on taxpayers, and promote sustainable economic development while maintaining adequate state revenue collection.

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