

WAYS TO ENHANCE THE ECOLOGICAL ORIENTATION TAXATION IN THE REPUBLIC OF UZBEKISTAN

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Introduction. It is well-known that efficient utilization of natural resources in the policy of any self-sufficient country is very sensitive issue and that the role of taxation in controlling of this process is significant. However, in the tax system of Central Asian countries the weight of eco-taxes is not high enough and fiscal instruments based on taxes for nature protection purposes are still in low developed level.

In general, ecological taxes and ecological payments are of the different nature and have various names. In English, in line with the standard term “taxes” such definitions as «charges», «levies», «fees», «duties» are often used. Nowadays ecological taxes are imposed in the majority of countries of the world. According to the definition of the European Environment Agency, ecological taxes can be determined as “all taxes which taxable base makes a specific negative impact on the environment”.

Literature review. In international practice all available ecological taxes can be divided into the following types:

- energy taxes (on fuel and electricity energy).
- transport taxes or vehicle taxes (taxes on kilometers passed; annual tax from the owner; excises at purchase of new or secondhand car).

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- taxes on emissions (emissions of the emissions of pollutants into the atmosphere and emissions to water basins; carbon dioxide and other harmful substances (chlorofluorocarbons, sulphur and nitrogen oxides).
- taxes on waste. They include payments for for waste disposal in landfills and recycling and taxes on a number of special products (packaging, batteries, tyres, lubricating oil, etc.).
- taxes on emissions that lead to global changes (substances that infringe the ozone layer, and greenhouse gases).
- tax on noise impact (earmarked charges)
- payments for use of natural resources (royalty).

In addition, ecological taxes constitute a significant share in the GDP of many countries (Table 1).

Environmentally related taxes

	As a share of GDP, %, 2014	As a share of total tax revenue, %, 2014	Per capita, USD, 2014
Denmark	4.11	8.18	1741.18
Italy	3.85	8.8	1234.74
Turkey	3.83	13.31	692.84
Israel	2.97	9.59	915.13
Austria	2.89	6.72	1241.97
Finland	2.88	6.57	1080
Greece	2.79	7.69	647.46
Czech Republic	2.65	7.93	732.92
Hungary	2.59	6.81	600.71
United Kingdom	2.31	7.2	886.94
South Africa	2.29	8.22	283.45
Korea	2.25*	9.25*	734.87*
Ireland	2.23	7.62	1047.93
Sweden	2.21	5.18	945.67

Portugal	2.2	6.41	566.46
Norway	2.12	5.42	1268.5
Belgium	2.02	4.51	792.06
Iceland	2	5.17	827.13
Luxembourg	2	5.25	1726.54
France	1.97	4.36	737.78
Germany	1.95	5.38	826.44
Poland	1.93*	6.01*	434.24*
Australia	1.91	7.77*	849.6
Switzerland	1.77	6.57	938.32
Slovak Republic	1.73	5.62	459.49
Uruguay	1.69	6.25	329.2
OECD	1.56	5.07	571.1
Japan	1.5	5.09*	524.04
China	1.33	7.1	160.64
Argentina	1.3	4.02	265.88
Canada	1.15	3.7	480.41
India	0.95	13.37	50.72
United States	0.72	2.77	366.73
Brazil	0.6	1.76	89.9
Peru	0.45	2.42	50.98
Colombia	0.4	1.95	49.35
Malaysia	0.24*	1.45*	54.32*

As we have mentioned above, in the countries of Central Asia more focus is made on excise taxes because of its relevantly high fiscal nature. However, there is still lack of fiscal instruments which can cover the harm to the natural environment.

This paper attempts to analyze current tax systems through cross-country studies of policies towards nature protection based on regulatory functions of taxation. Field studies in 5 Central Asian countries, studies of legislation and tax systems and qualitative analyses through interviews from business entities in Aral Sea region were conducted as a part of methodology for this research. Based on our analyses we can say that one of the most harmful global ecological disasters of 21st century in Aral Sea region sets up a very high responsibility and really urgent tasks to Central Asian countries in terms of socio-economic problems. In order to improve the ecological situation in the region there is a strong need for essential financing of eco-projects in the region, which can be obtained through effective fiscal policy. In this sense, the importance of compensation-taxes cannot be underestimated.

Another finding of the research show that along with Aral problem there is a shortage of fresh water in Uzbekistan, which increases demand to water usage. In this perspective, it becomes very important to use taxes for fresh water utilization. We found that only in Uzbekistan, Kazakhstan and Tajikistan this kind of taxes are implemented, but still with very low level of control impact of this taxes. The reason for such poor impact is that taxes are not widely covered through the countries' all regions, which brings to the result that the fiscal effect becomes low. As in case of Uzbekistan, this results to the fact that the share of such taxes in the budget income is only 0.3%.

Discussion. The first reason for this is that the rate of this tax is very low, and secondly, all of the users of water resources haven't been attracted to this tax. The point is that along with the particular special tax regime, the tax system of Uzbekistan is based on the generally-accepted order of taxation. Special (simplified) tax regime to the tax payer instead of one of all the main taxes (single tax payment and single tax on land, fixed tax) had provided for payment of the reason to use water from this camp for the briefing of the entities in the tax payer is not considered. Moreover, it should be in the form of information such the subjects of nearly 95 percent of total businesses paying the tax in a special regime, while their share accounts for 56.7 % in the GDP.

In Kazakhstan, taxes are collected only for the surface water usage and in Tajikistan taxpayers are only hydroelectric stations.

Another one of crucial ecological problems is expansion of the large cities due to urbanization which can make an impact on the environment pollution in mega policies. In particular, Tashkent, the capital of Uzbekistan is considered to be the largest economic and industrial centre in Central Asia with the population of of 3.5 million people. The fact, that industry and manufacturing have become more concentrated in it, is resulting in worsening of the ecological situation.

The analysis of the international tax practice shows, in most countries there is no tax on motor vehicles if used as a major means of effective protection of the environment.

It should be noted that taxes on motor vehicles in any of the countries of Central Asia have a lack of the balanced mechanism to come out from the level of damage the air motor. Uzbekistan and Turkmenistan do not have the tax on motor vehicles itself.

If property tax is considered to be the most important source of income tax for local budgets which is common in international practice, it is followed by the tax on motor vehicles.

As we have noted above, there is no such type of the tax in Uzbekistan. However, from 1993 to 2002 Uzbekistan used the tax on owners of vehicles. Since this tax was considered to be expensive due to its order of calculation and imposing as well as it expressed a slight fiscal significance, it was abolished in 2002 and replaced with “taxes on gasoline, diesel fuel and gas for individuals”¹.

Thanks to the steady and rapidly developing economy of Uzbekistan, as well as enhancing of the living standards of the population and income of citizens in comparison with the early years of independence, the number of motor vehicles in our country has grown dramatically. Currently, in conditions of the economy modernization and development, as well as taking into account the efforts of the government aimed at providing high living standards of the population, the introduction of the tax on motor vehicles is considered to be a relevant measure.

¹ Decree of the Cabinet of Ministers of the Republic of Uzbekistan №490 “On the forecast of the main macroeconomic indicators and budget parameters of the Republic of Uzbekistan for 2002” as of December 31, 2001.

One of the most important tasks of our government is the continuation of the activities on the program of modernization and development of road transport infrastructure for 2015-2019, in particular, the modernization of the Uzbek national highway. Timely and efficient execution of this task will definitely require huge amounts of budgetary funds.

Conclusion. In our opinion, it is high time to introduce a differentiated transport tax on the level of damage made to air in Uzbekistan. In addition, in our opinion, it is necessary to *fill the gaps existing in the property taxation and by undertaking relevant measures it is recommended to introduce the transport tax paid by both individuals and legal persons – owners of the transport vehicles.*

When discussing the introduction of the tax on motor vehicles there were many comments that this tax existed before but it has been replaced with fuel consumption tax. However, such views on the replacement of above-mentioned taxes are inaccurate. These taxes are essentially different taxes.

A tax on vehicles is a property tax by its nature essentially included in the classification of direct taxes, and the second one is an indirect tax because it is considered to be a consumer tax and is paid by final consumers.

We have already pointed out that in the society the economic mechanism of the property taxation which enables to conceal potential income is also very important. In addition, vehicles have always been property tax objects in almost every country.

The following objectives have been set up to be applied simultaneously while introducing the tax on motor vehicles:

- First of all, it is aimed at compensation of losses of the road fund, which can be expected from the reduction of the burden of mandatory deductions from the proposed turnover;
- Second, the tax targeted use of the taxation will be partially provided. This is because the mandatory deductions regardless of the fact if there is any vehicle or not are levied on all enterprises. It does not have any regulatory or social features. The proposed tax is imposed on

vehicles that are out-of-date which can be treated only as a type of social property;

- Third, in simplified and other special tax regimes, taxpayers may not effectively or purposely use their owned vehicles because they are exempted from property tax liability.

Introduction of the tax on vehicles will ensure effective use of property;

- Fourth, the proposed tax restricts the purchase of a large number of expensive cars by citizens, and thus in some extent prevents the people from placing their free funds in so-called “dead” capital.

It will result in the fact that the owners of the people will be only wealthy people. Thus, besides performing its fiscal and regulatory functions this tax complies with the principle of social justice. Its social features are manifested in the redistribution of the wealth of the rich layer of the population because the rich owners of vehicles will return a certain amount of money to the budget in the form of taxes. And most importantly, with the introduction of such tax, the following environmental problems will find timely solution.

In our opinion, taking into consideration the degree of the damage of vehicles of Uzbekistan to the air environment causes necessity of introducing a transport tax. Introduction of such a tax at a time through the solution to the problem is found to a certain extent.

First, tax revenues can be used for developing infrastructure and repairing roads. If the roads are not flat and smooth, it can also make harm to the environment. Developing the road infrastructure can also serve to reduce a negative impact on the environment. Constructing new bridges, tunnels, and other objects of the road infrastructure can prevent problems with auto vehicles, and, in turn, ecological problems.

Moreover, introduction of the tax on vehicles or enhancing a tax burden on their fuel can restrict its use in some extent. Due to the costliness of the personal vehicles people prefer using public transport or bicycles. However, first of all, it is necessary to arrange transport routes convenient for the users. In particular, developing subway is considered to be very efficient.

Taking into consideration current state and peculiarities of the existing tax system with the aim of gradual introduction of the tax on auto vehicles we recommend the following:

- Since 2018 to introduce the tax on motor vehicles imposed on individuals and legal entities which do not possess property tax liabilities under the special tax regime (single tax payment, single land tax, strictly fixed tax payers, markets, farms, entities engaged in performance and concert activities, solicitors' firms);

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- Since 2019 to introduce the tax on motor vehicles for the companies – taxpayers under the general order of taxation (with the account of their transfer to the payment of the real estate tax).

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It should be noted, as we have stated above, currently the number of motor vehicles in our country accounts for 2,3 mln. cars. Having made simple calculations it is possible to make a conclusion that introduction of the tax on motor vehicles can bring additional funds in the amount of 250 billion UZS to the Republican road fund. This, in turn, will be a major source of the investments used for infrastructure construction.