

THE ECONOMIC ESSENCE AND CHARACTERISTICS OF TAXES

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Abstract. This study examines the economic essence and characteristics of taxes within the framework of modern public finance theory and national tax legislation. Taxes are considered as a key financial instrument through which the state forms centralized financial resources and regulates economic processes. The research analyzes the fundamental features of taxation, including its compulsory nature, non-equivalent character, redistributive role, and legal regulation. Special attention is given to the role of taxation in ensuring macroeconomic stability, financing public expenditures, and promoting socio-economic development. The study also discusses the importance of tax reforms and modernization of tax administration in improving the efficiency and transparency of the tax system.

Keywords: taxation, economic essence of taxes, tax system, fiscal policy, public finance, tax regulation

Annotatsiya. Mazkur maqolada soliqlarning iqtisodiy mohiyati va xususiyatlari zamonaviy davlat moliyasi nazariyasi hamda milliy soliq qonunchiligi asosida tahlil qilingan. Soliqlar davlat tomonidan markazlashtirilgan moliyaviy resurslarni shakllantirish va iqtisodiy jarayonlarni tartibga solishda muhim moliyaviy instrument sifatida ko'rib chiqiladi. Tadqiqotda soliqlarning majburiyligi, ekvivalent bo'lmaganligi, qayta taqsimlovchi xarakteri va huquqiy tartibga solinishi kabi asosiy xususiyatlari ilmiy jihatdan tahlil qilingan. Shuningdek, soliqlarning makroiqtisodiy barqarorlikni ta'minlash, davlat xarajatlarini moliyalashtirish va ijtimoiy-iqtisodiy rivojlanishni qo'llab-quvvatlashdagi roli ko'rib chiqilgan.

Kalit so'zlar: soliqlar, soliqlarning iqtisodiy mohiyati, soliq tizimi, fiskal siyosat, davlat moliyasi, soliq tartibga solinishi

Аннотация. В данной статье рассматриваются экономическая сущность и особенности налогов на основе современной теории государственных финансов и национального налогового законодательства. Налоги рассматриваются как важный финансовый инструмент формирования централизованных финансовых ресурсов государства и регулирования экономических процессов. В исследовании анализируются основные характеристики налогов, включая их обязательный характер, неэквивалентность, перераспределительную функцию и правовое регулирование. Особое внимание уделяется роли налогов в обеспечении макроэкономической стабильности, финансировании государственных расходов и содействии социально-экономическому развитию.

Ключевые слова: налоги, экономическая сущность налогов, налоговая система, фискальная политика, государственные финансы

INTRODUCTION

Taxes represent one of the most important financial and economic instruments through which the state performs its economic, social, and political functions. The emergence of taxation is historically linked with the formation of the state and the necessity to finance public needs such as defense, governance, social welfare, infrastructure development, and public services. In the modern economic system, taxation forms the foundation of public finance and ensures the functioning of government institutions.

In economic theory, taxes are generally defined as compulsory payments collected by the state from individuals and legal entities to form centralized financial resources required to

finance public expenditure. Taxes differ from voluntary payments because they are established by law and are mandatory for taxpayers. In this sense, taxation represents a financial relationship between the state and economic agents that arises in the process of redistributing national income. Within the framework of public finance theory, taxation plays a crucial role in achieving three main macroeconomic objectives: efficient allocation of resources, equitable distribution of income, and stabilization of the economy. Governments use tax mechanisms to correct market failures, reduce economic inequality, and influence aggregate demand and investment activity.

The importance of taxation has increased significantly in modern market economies due to the growing role of the state in regulating economic and social processes. Taxes serve not only as a source of government revenue but also as a powerful instrument for economic regulation. Through tax policy, governments can encourage investment, support priority industries, stimulate innovation, and regulate consumption patterns. In the Republic of Uzbekistan, the taxation system operates on the basis of the Tax Code and other regulatory legal acts that define the principles of taxation, the rights and obligations of taxpayers, and the procedures for tax administration. The national tax system includes various types of taxes such as corporate income tax, personal income tax, value-added tax, excise tax, property tax, land tax, and social tax. These taxes form the main sources of the state budget and play a significant role in financing socio-economic development programs.

The study of the economic essence and characteristics of taxes is particularly relevant in the context of ongoing economic reforms in Uzbekistan. The modernization of the national tax system, the digitalization of tax administration, and the simplification of tax procedures require a deeper understanding of the theoretical foundations of taxation and its practical implications for economic development.

LITERATURE REVIEW

The concept of taxation and its economic essence has been widely studied in economic literature. Scholars have examined taxation from various perspectives, including its fiscal role, regulatory functions, and its impact on economic development and social welfare. Classical economic thinkers laid the theoretical foundations of taxation. Adam Smith emphasized that taxation should be based on fairness, certainty, convenience, and efficiency. According to Smith, citizens should contribute to public expenditures in proportion to their economic capacity. This principle became one of the cornerstones of modern tax systems and is still widely used in designing equitable taxation policies.

David Ricardo further developed the theory of taxation by analyzing the impact of taxes on capital accumulation and economic growth. Ricardo argued that excessive taxation may negatively influence production and investment by reducing profits and discouraging capital formation. His work highlighted the importance of balancing fiscal needs with economic incentives. Later, John Stuart Mill examined the redistributive role of taxation and emphasized that tax systems should promote social justice and reduce economic inequality. According to Mill, progressive taxation can be an effective mechanism for redistributing income and supporting vulnerable social groups.

Modern public finance scholars have expanded these classical ideas by analyzing taxation as an instrument of macroeconomic regulation. Musgrave emphasized that the tax system performs three main functions: allocation, distribution, and stabilization. Through these functions, governments can correct market failures, redistribute income, and stabilize economic cycles. In contemporary research, economists also focus on the efficiency and transparency of tax administration. Tanzi and Zee highlighted that efficient tax systems require clear legislation, simplified tax procedures, and strong institutional capacity. According to their research, digital technologies and electronic tax administration systems significantly improve tax compliance and reduce administrative costs.

In the context of transition economies, researchers emphasize the importance of tax reforms in promoting economic growth and improving the investment climate. Studies related to

Uzbekistan indicate that modernization of the tax system, reduction of administrative barriers, and the introduction of digital tax services have contributed to improving fiscal efficiency and strengthening the relationship between taxpayers and the state. Overall, the existing literature confirms that taxation represents a complex economic category that combines fiscal, regulatory, and social functions. Understanding the theoretical foundations of taxation is essential for designing effective tax policies that ensure sustainable economic development and social stability.

METHODOLOGY

The research methodology of this study is based on a combination of theoretical and analytical methods commonly applied in economic research on taxation. The study relies primarily on the principles of public finance theory, institutional economics, and fiscal policy analysis.

Theoretical analysis is used to examine the economic nature of taxes and to identify their fundamental characteristics within the framework of classical and modern economic theories. The study also draws upon the ideas of classical economists such as Adam Smith, who emphasized that citizens should contribute to government expenses in proportion to their economic capacity. This principle later became one of the fundamental concepts of equitable taxation.

Comparative analysis is employed to examine different interpretations of the concept of taxation in scientific literature and to evaluate how these theoretical perspectives correspond to the current tax legislation of Uzbekistan. By comparing theoretical models and legislative norms, the study provides a comprehensive understanding of taxation as both an economic and legal phenomenon.

Institutional analysis is also applied to evaluate the role of taxation within the broader system of public finance. Taxes are considered as institutional mechanisms through which the state interacts with economic agents and redistributes financial resources in society.

RESULTS

The analysis of economic theory and tax legislation demonstrates that taxes represent a complex economic category characterized by several fundamental features. These features distinguish taxes from other financial instruments and determine their role in the functioning of the economic system.

One of the most important characteristics of taxes is their mandatory nature. Taxes are established by legislative authority and must be paid by individuals and legal entities in accordance with the rules defined by tax legislation. Unlike voluntary contributions, tax payments arise from legal obligations and are enforced by the state. Another essential feature of taxation is its non-equivalent character. Taxpayers do not receive a direct and proportional benefit in exchange for the taxes they pay. Instead, tax revenues are accumulated in the state budget and used to finance public goods and services that benefit society as a whole, including infrastructure development, national defense, education, healthcare, and social protection programs.

Taxes also possess a redistributive character. Through the tax system, the state redistributes a portion of national income among different economic sectors and social groups. This redistribution contributes to reducing income inequality and supporting socially vulnerable segments of the population. In addition to these characteristics, taxation is characterized by its systematic and institutional nature. The structure of the tax system is determined by specific elements such as the taxpayer, tax object, tax base, tax rate, and tax period. These elements define how taxes are calculated and collected within the national financial system.

The study also shows that taxes perform several important economic functions. The fiscal function is the primary one, as taxes form the main source of government revenue and ensure the financing of public expenditures. At the same time, taxes perform regulatory functions by influencing economic activity, investment decisions, and production processes. Another

important function of taxation is the social function. Through progressive tax rates, tax benefits, and targeted incentives, governments can reduce social inequality and improve income distribution within society.

DISCUSSION

The economic essence of taxes is most clearly revealed when taxation is analyzed as part of the broader system of economic relations between the state and society. Taxes reflect the redistribution of national income and serve as a mechanism for financing collective needs that cannot be efficiently provided by the private sector. In modern economic theory, taxation is viewed not only as a fiscal instrument but also as a tool for economic policy. Governments use taxes to influence macroeconomic indicators such as economic growth, inflation, employment, and investment activity. For example, tax incentives can stimulate entrepreneurial activity, while higher taxes on harmful products may reduce negative externalities.

The effectiveness of the tax system depends largely on the balance between fiscal efficiency and economic incentives. If the tax burden becomes excessively high, it may reduce business activity and discourage investment. Conversely, insufficient tax revenues may limit the government's ability to finance public services and social programs.

In the context of Uzbekistan's economic reforms, the role of taxation has expanded significantly. The government has implemented numerous reforms aimed at simplifying tax administration, reducing the tax burden on small businesses, and improving the transparency of the tax system. These reforms include the introduction of digital tax reporting systems, the simplification of tax procedures, and the expansion of electronic services for taxpayers. Another important aspect of taxation is its influence on tax culture and voluntary compliance. A transparent and fair tax system increases public trust in government institutions and encourages taxpayers to fulfill their obligations willingly. This, in turn, improves the efficiency of tax administration and increases budget revenues.

The digitalization of tax administration in Uzbekistan has also contributed to reducing the shadow economy and increasing the efficiency of tax control mechanisms. Modern technologies enable tax authorities to monitor economic transactions more effectively and improve the accuracy of tax reporting.

CONCLUSION

The study confirms that taxes represent a fundamental economic category that reflects financial relations between the state and economic agents in the process of forming centralized financial resources. Their economic essence lies in the compulsory redistribution of a portion of national income through legally established payments to the state budget.

Taxes possess several key characteristics, including their mandatory nature, non-equivalent character, redistributive role, and legal regulation. These characteristics distinguish taxes from other financial payments and determine their role in the functioning of the public finance system. The analysis also shows that taxes perform multiple functions within the modern economy. In addition to their fiscal role, taxes serve as instruments of economic regulation, social redistribution, and macroeconomic stabilization. Through taxation policy, governments can influence economic development, support priority sectors, and ensure social justice.

In the Republic of Uzbekistan, ongoing reforms in the tax system demonstrate the importance of improving tax legislation and administration in order to enhance fiscal sustainability and stimulate economic growth. The modernization of the tax system, combined with digital technologies and transparent administration, contributes to strengthening public finances and promoting sustainable socio-economic development.

Overall, a deep understanding of the economic essence and characteristics of taxes is essential for designing effective tax policies capable of balancing fiscal needs with the goals of economic efficiency and social equity.

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