

TAX INCENTIVES FOR PROPERTY TAX OF INDIVIDUALS IN UZBEKISTAN**Turayev Alijon Akmal ugli**Acting associate professor of the department
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Abstract. This article examines the legal foundations and socio-economic significance of tax incentives related to property tax imposed on individuals in the Republic of Uzbekistan. The study analyzes the characteristics of the property taxation system based on the current provisions of the Tax Code and relevant academic literature. Particular attention is given to tax exemptions granted to socially vulnerable groups such as pensioners, persons with disabilities, war veterans, and large families.

Keywords: property tax, tax incentives, individuals, fiscal policy, Uzbekistan tax system, local budget.

Annotatsiya. Mazkur maqolada O'zbekiston Respublikasida jismoniy shaxslardan olinadigan mol-mulk solig'i bo'yicha imtiyozlarning huquqiy asoslari va ijtimoiy-iqtisodiy ahamiyati tahlil qilingan. Tadqiqot davomida amaldagi soliq qonunchiligi, xususan Soliq kodeksi normalari hamda ilmiy adabiyotlar asosida mol-mulk solig'i tizimining o'ziga xos xususiyatlari o'rganilgan. Shuningdek, pensiya yoshidagi fuqarolar, nogironligi bo'lgan shaxslar, urush qatnashchilari va ko'p bolali oilalar kabi ijtimoiy himoyaga muhtoj toifalarga beriladigan soliq imtiyozlari tahlil qilingan.

Kalit so'zlar: mol-mulk solig'i, soliq imtiyozlari, jismoniy shaxslar, soliq siyosati, O'zbekiston soliq tizimi, mahalliy budjet.

Аннотация. В данной статье анализируются правовые основы и социально-экономическое значение налоговых льгот по налогу на имущество физических лиц в Республике Узбекистан. В ходе исследования на основе действующего налогового законодательства, в частности положений Налогового кодекса, а также научной литературы были изучены особенности системы налогообложения имущества физических лиц. Особое внимание уделено налоговым льготам, предоставляемым социально уязвимым категориям населения, таким как пенсионеры, лица с инвалидностью, ветераны войны и многодетные семьи.

Ключевые слова: налог на имущество, налоговые льготы, физические лица, налоговая политика, налоговая система Узбекистана, местный бюджет.

INTRODUCTION

Property taxation is one of the traditional forms of fiscal revenue that plays a significant role in the financial system of many countries. In modern tax systems, property taxes not only perform a fiscal function but also serve as an instrument of social policy, influencing the distribution of wealth and supporting socially vulnerable groups. In Uzbekistan, the taxation of immovable property owned by individuals forms an important part of the national tax structure and contributes to the formation of local budget revenues.

According to the current tax legislation, individuals owning residential and non-residential real estate are obliged to pay property tax calculated on the basis of the cadastral value of the property. The applicable tax rates generally range from approximately 0.34 percent to 1.5 percent depending on the type and size of property. The rapid development of the real estate market and the gradual modernization of the national tax system have increased the relevance of property taxation reforms. In recent years, the Government of Uzbekistan has implemented

various policy measures aimed at improving tax administration, increasing transparency in property valuation, and strengthening the social orientation of the tax system. In this context, tax incentives and exemptions play a crucial role.

Property tax benefits for individuals are designed to reduce the financial burden on certain categories of citizens such as pensioners, persons with disabilities, veterans, and families with many children. These benefits reflect the broader objective of ensuring social protection within the framework of fiscal policy. At the same time, the presence of multiple tax privileges raises questions regarding their effectiveness, fairness, and impact on public revenues. The main objective of this research is to analyze the system of property tax incentives granted to individuals in Uzbekistan, evaluate their legal foundations, and assess their socio-economic significance in the national taxation system.

LITERATURE REVIEW

Property taxation has long been considered an important component of public finance systems and a stable source of revenue for local governments. Numerous scholars have analyzed the theoretical foundations, fiscal significance, and socio-economic implications of property taxation. The issue of tax incentives within property tax systems has attracted particular attention because such incentives reflect the balance between fiscal objectives and social policy priorities. In classical economic theory, property taxation is regarded as one of the most efficient forms of taxation due to the relative immobility of the tax base. Economists such as Richard Musgrave emphasized that property taxes perform not only a fiscal function but also a redistributive function within the public finance system. According to Musgrave's theory of public finance, tax systems should be designed in a way that ensures fairness and supports social welfare while maintaining fiscal stability.

Modern researchers also highlight the role of property taxation in strengthening local government finances. Studies conducted by international organizations such as the International Monetary Fund and the Organisation for Economic Co-operation and Development indicate that property taxes are among the most reliable sources of local budget revenues. These institutions emphasize that well-designed property tax systems should include transparent valuation mechanisms and targeted tax benefits to protect vulnerable social groups. In the context of transition economies, scholars have examined the evolution of property taxation as part of broader tax reforms. Research on post-Soviet countries shows that property tax systems have undergone significant modernization aimed at improving administrative efficiency and expanding the tax base. In many cases, governments introduced tax incentives to mitigate the social impact of tax reforms and support low-income households.

Uzbek economists and legal scholars have also devoted considerable attention to the development of the national tax system and the role of property taxation. Academic studies emphasize that the taxation of individuals' property in Uzbekistan has gradually shifted toward a cadastral value-based system, which increases transparency and improves tax administration. Researchers note that the introduction of targeted tax benefits for pensioners, persons with disabilities, and other socially vulnerable categories reflects the social orientation of the country's fiscal policy. Several studies highlight that excessive tax benefits may reduce the revenue potential of property taxes and complicate tax administration. Therefore, experts recommend that tax incentives should be carefully designed and periodically reviewed to ensure that they remain justified by social policy objectives.

Overall, the existing literature demonstrates that property tax incentives play a dual role: on the one hand, they provide social protection for vulnerable citizens; on the other hand, they influence the fiscal efficiency of property taxation systems. This dual nature makes the study of tax incentives particularly relevant for countries undergoing tax system modernization, including Uzbekistan.

METHODOLOGY

The research methodology is based on a combination of legal, analytical, and comparative approaches commonly used in economic and fiscal studies.

The primary method applied in this research is normative legal analysis of the tax legislation of the Republic of Uzbekistan. The study examines the relevant provisions of the Tax Code, presidential decrees, and government resolutions regulating property taxation and tax incentives for individuals. Particular attention is given to the interpretation of legal norms defining categories of beneficiaries and the scope of tax exemptions. In addition to the legal analysis, the research relies on a systematic review of scientific literature devoted to the theory of property taxation and tax incentives. Academic publications and analytical reports on fiscal policy provide the theoretical framework for understanding the economic role of tax privileges. The study also uses elements of statistical and descriptive analysis to interpret available information on property tax rates, tax base determination, and the structure of taxpayers. Property tax in Uzbekistan is levied on residential buildings, apartments, unfinished construction objects, and other immovable property owned by individuals.

A comparative method is also applied to evaluate the relationship between fiscal objectives and social policy considerations embedded in the system of tax benefits. This methodological combination makes it possible to assess both the legal and socio-economic dimensions of property tax incentives.

RESULTS

The analysis of the current legislation shows that the system of property taxation of individuals in Uzbekistan includes a number of tax incentives designed to support socially significant categories of citizens and promote social justice. First, the Tax Code establishes a range of individuals who are completely exempt from paying property tax on certain types of real estate. Among them are persons awarded the highest state honors, including individuals holding titles such as national heroes and recipients of major state awards. These exemptions represent a form of state recognition and support for individuals who have made exceptional contributions to society. Second, the legislation provides tax exemptions for war veterans and persons equated to them. This category includes individuals who participated in military operations or served in defense-related activities. The exemption is granted on the basis of official documentation confirming their status.

Another important group of beneficiaries consists of persons with disabilities, particularly those belonging to the first and second disability groups. The exemption from property tax for these individuals reflects the social orientation of fiscal policy and aims to reduce the financial burden on citizens with limited economic capacity. In addition, pensioners are granted significant tax privileges regarding residential property owned by them. These measures are intended to protect elderly citizens whose income sources are often limited to pension payments. Large families also benefit from property tax incentives. Women with ten or more children may qualify for tax exemptions under the relevant legal provisions. This policy reflects demographic priorities and encourages family support programs within the framework of social policy.

Another category of beneficiaries includes parents and widows of military personnel who died during the performance of their official duties. Such exemptions represent an element of social compensation and recognition of the sacrifices made by families of fallen servicemen. From a fiscal perspective, property tax rates applied to individuals are relatively moderate compared to many international practices. Residential property tax rates are generally differentiated according to the size and type of property. For example, lower rates apply to smaller residential properties, while larger properties may be taxed at higher rates depending on their total area and location.

Overall, the results of the legal analysis demonstrate that the system of tax incentives for property tax in Uzbekistan is designed primarily to support socially vulnerable groups rather than to stimulate investment or business activity.

DISCUSSION

The presence of tax incentives within the property taxation system reflects the broader objective of balancing fiscal efficiency with social justice. In many countries, property tax benefits are used as a policy instrument to protect vulnerable households and ensure equitable distribution of the tax burden.

In the case of Uzbekistan, the structure of tax incentives indicates a strong social orientation of fiscal policy. Exemptions granted to pensioners, persons with disabilities, veterans, and large families help mitigate the regressive effects that property taxation could potentially have on households with limited income. However, from the perspective of public finance management, extensive tax benefits may create certain challenges. A large number of exemptions can reduce the revenue potential of property taxation, which is particularly important for local budgets. Since property tax revenues are often used to finance local infrastructure, social services, and municipal development programs, the fiscal impact of tax privileges must be carefully evaluated.

Another important issue concerns the efficiency of tax administration. The implementation of tax incentives requires accurate identification of eligible beneficiaries and effective monitoring mechanisms. Inadequate administrative procedures may lead to misuse of benefits or inaccuracies in property tax calculations. International experience suggests that the effectiveness of property tax incentives depends largely on the transparency of property valuation systems and the reliability of cadastral information. In Uzbekistan, ongoing reforms aimed at digitalizing the cadastral system and improving tax administration contribute to increasing the efficiency of property taxation.

At the same time, policy makers face the task of ensuring that tax incentives remain targeted and justified by social considerations. Excessive expansion of privileges could weaken the fiscal capacity of the tax system, whereas insufficient social protection could increase inequality. Therefore, the future development of property tax incentives in Uzbekistan should focus on achieving a balanced approach that combines fiscal sustainability with social protection. This requires continuous evaluation of existing benefits and the introduction of modern administrative tools to ensure transparency and efficiency.

CONCLUSION

The research demonstrates that property tax incentives for individuals in Uzbekistan constitute an important element of the national fiscal policy aimed at achieving social equity and protecting vulnerable groups of the population. The current system of benefits primarily targets pensioners, persons with disabilities, war veterans, large families, and relatives of deceased servicemen. The legal framework regulating these incentives is based on the provisions of the Tax Code and other regulatory acts adopted within the framework of national social policy. While such tax privileges reduce the financial burden on socially protected categories of citizens, they also influence the fiscal capacity of local budgets.

The analysis shows that the effectiveness of property tax incentives largely depends on their targeted nature, administrative efficiency, and transparency of property valuation systems. Future reforms in this area should focus on improving tax administration, maintaining a balance between fiscal stability and social support, and ensuring the rational use of tax benefits.

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