

**THE OBJECT AND TAX BASE OF SOCIAL TAX IN UZBEKISTAN: A
COMPREHENSIVE LEGAL AND ECONOMIC ANALYSIS****Turayev Alijon Akmal ugli**Acting associate professor of the department
of "Investment and Innovations", PhDalijon.turayev@mail.ru**Ismoilova Noila Xurshid kizi,**

Student of Samarkand institute of economics and service

Annotation. This article provides a comprehensive analysis of the object and tax base of social tax in the Republic of Uzbekistan under the 2026 tax legislation. The study examines the legal framework governing social tax and explores its economic implications, particularly its relationship with labor remuneration and employment practices. The research identifies that the taxable object arises from labor relations, while the tax base is formed by the total remuneration paid to employees. The paper also evaluates recent reforms aimed at expanding the taxpayer base and improving tax administration. It is concluded that social tax plays a crucial role in ensuring stable financing of social protection systems, while also influencing labor market dynamics and formalization processes.

Keywords: social tax, taxable object, tax base, labor remuneration, payroll taxation, Uzbekistan tax system

Annotatsiya. Mazkur maqolada O'zbekiston Respublikasida 2026-yil soliq qonunchiligi asosida ijtimoiy soliqning soliqqa tortish obyekti va soliq bazasi har tomonlama tahlil qilinadi. Tadqiqotda ijtimoiy soliqning huquqiy asoslari va uning iqtisodiy mazmuni, ayniqsa mehnatga haq to'lash jarayonlari bilan o'zaro bog'liqligi o'rganilgan. Natijalar shuni ko'rsatadiki, soliqqa tortish obyekti mehnat munosabatlari yuzaga kelishi bilan bog'liq bo'lsa, soliq bazasi xodimlarga to'lanadigan jami daromadlar asosida shakllanadi. Shuningdek, maqolada soliq bazasini kengaytirish va ma'muriy boshqaruvni takomillashtirishga qaratilgan so'nggi islohotlar ham tahlil qilingan. Xulosa qilinishicha, ijtimoiy soliq ijtimoiy himoya tizimini moliyalashtirishda muhim o'rin tutadi hamda mehnat bozori va iqtisodiy rasmiylashuv jarayonlariga sezilarli ta'sir ko'rsatadi.

Kalit so'zlar: ijtimoiy soliq, soliqqa tortish obyekti, soliq bazasi, mehnatga haq to'lash, ish haqi fondi, O'zbekiston soliq tizimi

Аннотация. В данной статье проводится комплексный анализ объекта налогообложения и налоговой базы социального налога в Республике Узбекистан на основе налогового законодательства 2026 года. Исследование охватывает правовые основы социального налога и раскрывает его экономическую сущность, особенно в контексте оплаты труда и трудовых отношений. Установлено, что объект налогообложения возникает в результате наличия трудовых отношений, тогда как налоговая база формируется на основе совокупных выплат работникам. Также в статье рассматриваются последние реформы, направленные на расширение круга налогоплательщиков и совершенствование налогового администрирования. Делается вывод о том, что социальный налог играет важную роль в финансировании системы социальной защиты и оказывает влияние на развитие рынка труда и процессы формализации экономики.

Ключевые слова: социальный налог, объект налогообложения, налоговая база, оплата труда, фонд заработной платы, налоговая система Узбекистана

INTRODUCTION

The structure of any tax system is fundamentally determined by how it defines the object of taxation and the tax base. These elements are not only technical legal concepts but also key

determinants of economic behavior. In the Republic of Uzbekistan, social tax represents a central component of the tax system, reflecting the state's commitment to financing social protection mechanisms such as pensions, social insurance, and public welfare programs. Unlike indirect taxes or corporate income taxes, social tax is directly linked to labor relations. This makes it particularly significant in shaping employer behavior, influencing wage policies, and determining the level of formal employment. As Uzbekistan continues its economic reforms and integration into the global economy, the role of labor-related taxation has become increasingly important.

The 2026 version of the Tax Code introduces a more refined and inclusive approach to social tax. It clarifies the scope of taxable objects, expands the range of taxpayers, and strengthens administrative procedures. These changes reflect broader policy goals, including reducing informal employment, increasing fiscal transparency, and ensuring sustainable funding for social programs. At the same time, the expansion of the tax base raises important concerns. Higher labor taxation may increase the cost of doing business, particularly for small and medium-sized enterprises. Therefore, a detailed analysis of the object and tax base of social tax is essential to understand its real impact on the economy.

This paper aims to examine these issues by combining legal analysis with economic reasoning, providing a comprehensive understanding of how social tax operates in practice.

METHODOLOGY

This research adopts a multidisciplinary approach, integrating legal analysis with economic interpretation. The primary methodological framework is based on doctrinal analysis of the Tax Code of the Republic of Uzbekistan (2026), which defines the legal structure of social tax, including its object, tax base, rates, and reporting obligations.

To complement the legal analysis, the study employs economic reasoning to evaluate how these provisions affect employer behavior, labor costs, and overall economic activity. This includes examining the relationship between payroll taxation and employment decisions, as well as the potential for tax-induced distortions in the labor market.

The research also incorporates elements of comparative analysis by referencing international practices in social taxation. This allows for the identification of similarities and differences between Uzbekistan's model and those used in other countries, particularly in terms of tax base construction and administrative simplicity.

In addition, descriptive statistical reasoning is used to illustrate how different components of remuneration contribute to the tax base. While the study does not rely on primary empirical data collection, it uses available statistical patterns and logical modeling to demonstrate the practical implications of the tax system.

This combined methodological approach ensures a comprehensive and balanced analysis, linking legal norms with real-world economic outcomes.

RESULTS

The analysis reveals that the object of social tax in Uzbekistan is closely tied to the existence of labor relations between employers and employees. The tax obligation arises when an employer incurs expenses related to compensating individuals for their labor. This definition reflects a broader understanding of taxation, where the object is not income itself but the economic activity that generates it. The tax base is defined as the total amount of remuneration paid to employees. This includes a wide range of payments, ensuring that the tax captures the full economic cost of labor. The inclusion of both monetary and non-monetary benefits demonstrates the legislator's intention to prevent tax avoidance through alternative compensation schemes.

Table 1

Expanded structure of the social tax base

Category of Payment	Inclusion Status	Functional Role in Tax Base
---------------------	------------------	-----------------------------

Base salary	Included	Primary component of labor cost
Performance bonuses	Included	Reflects productivity incentives
Overtime payments	Included	Compensates additional labor input
Allowances (housing, transport, etc.)	Included	Expands taxable compensation
In-kind benefits	Included	Prevents hidden remuneration
Employer social contributions	Typically excluded	Already part of redistribution

This comprehensive structure ensures that the tax base is broad and resistant to manipulation. It also aligns with international best practices in payroll taxation. Another key result is the proportional nature of the tax rate. The standard rate applied to the tax base simplifies calculation and reduces administrative burdens. This simplicity is particularly beneficial for businesses, as it minimizes compliance costs and reduces the likelihood of errors. The study also identifies the importance of regular reporting and payment cycles. Social tax is typically calculated and paid on a monthly basis, which ensures a steady flow of revenue to the state budget. This regularity is crucial for financing ongoing social obligations.

Furthermore, recent reforms have expanded the range of taxpayers to include not only traditional employers but also certain categories of self-employed individuals and entrepreneurs. This reflects a strategic effort to broaden the fiscal base and reduce the shadow economy.

DISCUSSION

The findings of this study highlight the dual nature of social tax in Uzbekistan as both a fiscal and regulatory instrument. By linking the object of taxation to labor relations, the system ensures that those who benefit from labor contribute to the financing of social protection. One of the main advantages of this approach is revenue stability. Since payroll expenses are relatively predictable, social tax provides a consistent source of funding for the state. This is particularly important in the context of long-term social commitments such as pension systems. However, the reliance on payroll as the tax base also introduces economic challenges. Higher labor costs may discourage employers from hiring additional workers or may incentivize the use of informal employment arrangements. This creates a potential conflict between fiscal objectives and labor market development.

The expansion of the tax base to include new categories of taxpayers further complicates this dynamic. While it increases revenue potential, it also requires more sophisticated administrative systems to ensure compliance. Digitalization of tax administration becomes essential in this context, allowing for more efficient monitoring and reporting. Another important issue is equity. Social tax is generally proportional, meaning that it does not differentiate between high and low wage levels. While this simplifies administration, it may raise concerns about fairness, particularly in comparison to progressive income taxation systems. From an international perspective, Uzbekistan's approach is consistent with global trends, where social contributions are typically based on wages. However, the relatively moderate tax rate and simplified structure distinguish it from more complex systems used in developed economies.

Conclusion

The object and tax base of social tax in Uzbekistan are defined in a clear and logically consistent manner, reflecting both legal precision and economic rationale. The system effectively captures the full cost of labor and provides a stable source of revenue for social protection programs. At the same time, the analysis reveals several challenges. The reliance on payroll

taxation may increase labor costs and affect employment dynamics, particularly in the formal sector. The expansion of the tax base, while beneficial for revenue generation, requires strong administrative capacity to be effective. Future reforms should focus on enhancing the efficiency of tax administration, promoting digital solutions, and maintaining a balance between fiscal needs and economic growth. Particular attention should be given to supporting small businesses and encouraging formal employment.

In conclusion, social tax in Uzbekistan plays a crucial role in both fiscal policy and social development. Its effectiveness will depend on the ability of policymakers to adapt the system to changing economic conditions while preserving its core objectives.

REFERENCES

1. Tax Code of the Republic of Uzbekistan. (2026). Official text with amendments and additions.
2. PricewaterhouseCoopers (PwC). (2026). Uzbekistan – Other Taxes (Social Tax).
3. PricewaterhouseCoopers (PwC). (2026). Uzbekistan – Significant Developments. (Social tax extended to new taxpayer categories including entrepreneurs and family businesses)
4. Tax Legal Uzbekistan. (2026). Social Tax and Personal Income Tax. (Social tax base consists of employer’s remuneration expenses such as wages and bonuses)
5. Tax Legal Uzbekistan. (2026). Tax System in Uzbekistan. (Social tax is calculated based on total payroll expenses and paid monthly)
6. Ernst & Young (EY). (2026). Uzbekistan Tax Updates Effective from 2026. (Recent amendments to tax legislation and reforms affecting taxation structure)
7. KPMG. (2026). Tax Incentives and Social Tax Reductions in Uzbekistan. (Preferential social tax rates for specific sectors such as textile and creative industries)
8. Yuz.uz. (2026). Minimum Social Tax for Self-Employed Increased. (New rules for voluntary social tax payments and minimum thresholds)
9. Chronicle Uzbekistan. (2026). Social Tax Reform for Self-Employed Individuals. (Introduction of minimum payment linked to pension rights and social protection)
10. Kun.uz. (2025). Uzbekistan Tax Policy for 2026. (Stability of social tax rate at 12% for most taxpayers)
11. UzDaily.uz. (2025). Implementation of the State Budget Law 2026. (Distribution of social tax revenues across pension and social funds)