

EXCISE TAX: PROBLEMS OF IMPROVEMENT

Shodiev Olimjon Abdurakhmanovich

Associate Professor of the Department of Tax and Taxation,
Tashkent State University of Economics, Tashkent, Uzbekistan

o.shodiev@tsue.uz

ORCID: 0000-0002-4750-8907

Abstract

The article examines the economic essence, features, fiscal significance and stages of reforming the excise tax, and also develops proposals for improving the administration of the excise tax.

Keywords: Tax system, taxes, taxation, excise tax, excisable goods, tax rate, excise stamp, state budget.

Introduction

Taxes occupy an important place among the many economic levers used by the state to influence the market economy. In conditions of market relations, and especially in the transition period to the market, the tax system is one of the most important economic regulators, the basis of the financial and credit mechanism of state regulation of the economy. Taxes should become one of the main instruments of state regulation of the economy, production, distribution and consumption processes. With the help of taxes, it is possible to regulate consumption. For example, a tax such as an excise tax affects the demand and purchasing power of the population in relation to those goods to which this tax applies. In terms of their content, excise taxes are indirect taxes on consumers.

Taxes should become one of the main instruments of state regulation of the economy, processes of production, distribution and consumption. With the help of taxes it is possible to regulate consumption. For example, a tax such as an excise tax affects the demand and purchasing power of the population for those goods that are subject to this tax. In their content, excise taxes are indirect taxes on consumers. Currently, excise tax is applied in all countries with market economies. It was introduced in our state in accordance with the Law of the Republic of Uzbekistan «On taxes on enterprises, organizations and associations» adopted on February 15, 1991.

LITERATURE REVIEW

A number of domestic and foreign scientists have conducted research on the economic essence, nature and features of excise taxes. In particular, prof. A.Vakhabov and prof. A.Juraev argue that «excise tax is a form of levying to the budget as an indirect tax a part of the cost of shipped goods, which is taken into account in the price and the base of the value added tax»[1].



According to Professor T.Malikov, «all over the world, «excise taxes» are introduced to regulate the consumption of products that are of secondary importance to consumers rather than primary importance» [2].

According to R.Shepenko, Doctor of Law, «excise taxes are a special type of indirect taxes: unlike direct taxes, they are levied both on the sale of certain types of goods on the domestic market of the state and on the movement of such goods across the customs border of the state» [3].

Professor V.Panskov emphasizes that «an excise tax is a type of indirect tax levied on taxpayers who produce and sell excisable goods» [4].

According to the research of Russian economists G.Polyak and E.Smirnova, «excise taxes have historically been considered the first form of indirect taxes and are usually levied on three groups of goods: mass-market goods (for example, petroleum products), luxury goods and goods, as well as goods unsuitable for consumption (harmful to health)» [5].

Professor E.Kirova notes that «excise taxes are indirect taxes included in the price of a certain list of goods and paid by the buyer» [6].

ANALYSIS AND RESULTS

Excise tax is used as one of the main forms of indirect taxation in a number of countries at various stages of economic development. At the same time, the excise tax has become widespread in the modern world. The main reason for the widespread use of excise taxes from ancient times to the present day is its tangible fiscal benefits and the high rate of their receipt. The term «excise», according to a number of researchers, comes from the Dutch «exijs» (from the old French «accise»), which meant «assessment for taxation». There is also an opinion that the word «excise» could come from the Latin «accidere» («to cut»), which meant serifs on a special stick used to measure the amount of drink in a vessel for tax purposes.

Excise tax is a type of indirect taxes on mainly mass-consumption goods (as well as services), included in the price of the product (or tariffs for services) and thus shifted to the end user. The essence and nature of the individual excise tax is similar to the universal excise tax - value added tax, turnover tax, sales tax. A distinctive feature of individual excise taxes is that they are levied only on certain goods. Goods subject to excise taxes usually have a common characteristic feature: The demand for these goods is inelastic relative to the income level.

Excise taxes were one of the first taxes introduced during periods of economic transformation, as this tax is relatively easy to introduce and monitor its payment. These administrative advantages stem from the ability of tax authorities to control the physical volume of certain goods instead of relying on ledgers to collect it.

Excise tax, being an indirect tax, has a certain similarity with value added tax, but differs from it in its individualization and linkage to specific goods. The list of goods subject to excise duty is differentiated by country, taking into account the characteristics of the consumption structure. For example, in England, the USA and France the number of excisable goods does not exceed four, in Japan there are more than 600 types of goods classified as luxury goods and gourmet products, and in Uzbekistan this figure is about 14 items.

Until 1993, the amount of excise tax was calculated based on the natural value of goods, and subsequently based on their monetary value. Since January 1994, this procedure applies to all



goods and products subject to excise tax. It is paid by the relevant taxpayers, taking into account the cost of goods in the prescribed manner. At the initial stage of reforming the economy of Uzbekistan (1992-1994), the tax system was aimed at solving the problem of balancing the budget, which has a socio-economic focus. Thus, in 1993, an excise tax on cotton was introduced. In October 1994, an excise tax was introduced on imported tobacco products, and on imported alcoholic products - from January 1995.

At the second stage of economic reforms (1995-1997), the tax system of Uzbekistan was unified to a certain extent. A number of taxes were abolished, but the list of excisable goods was expanded. In addition to imported alcohol and tobacco products, it included gasoline, oil, and natural gas, as a result of which the share of excise tax in state budget revenues in 1995 increased to 27%. In October 1996, excise stamps were introduced on alcohol and tobacco products, both produced in the republic and imported. This measure is aimed at establishing state control over the production, import and sale of certain types of goods in order to prevent their illegal import or production on the territory of the Republic of Uzbekistan and protect the interests of domestic consumers.

Excise tax has become widespread in the modern world. The main reason for the widespread use of excise taxation from ancient times to the present day is its tangible fiscal benefits and the high speed of their receipt. Back in 1666, the French economist F.Damaison noted that the excise tax «is capable of bringing the treasury as much and even more than all other taxes».

In developed countries, 7-12% of all tax revenues are mobilized through excise taxes. At the same time, in some Latin American countries, the increasing role of excise taxes in indirect taxation is noted as a positive factor. Thus, in Argentina, Brazil and Mexico, they make up an average of 25% of all tax revenues.

In the table you can see the dynamics of changes in the share of excise tax in the country's budget in 2014-2024:

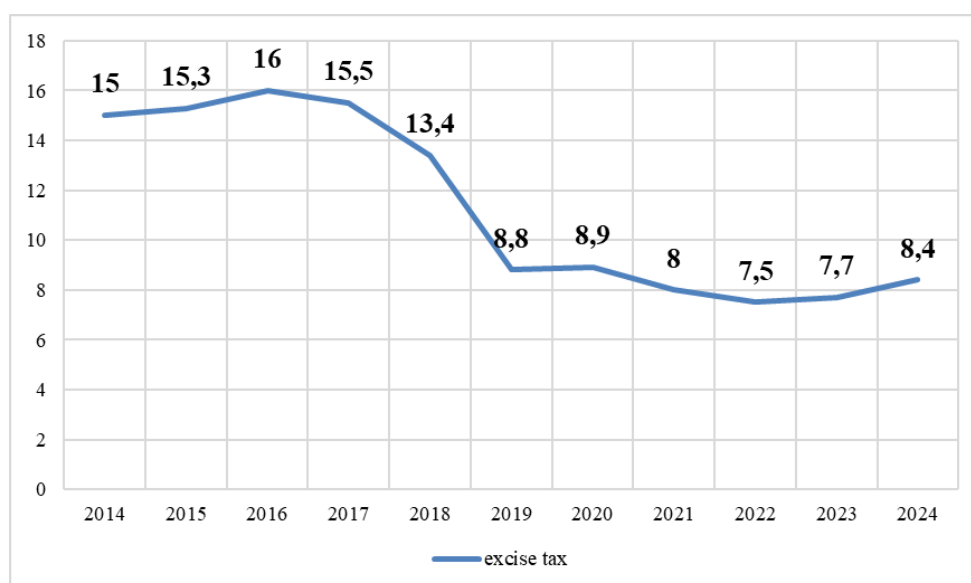


Figure. Dynamics of changes in the share of excise tax in state budget revenues (percentage)

As can be seen from the table, the dynamics of changes in the share of excise tax in state budget revenues in 2014-2017 is unstable. From 2018 to 2022, there is a tendency to reduce the share of excise tax.

Thus, we can see that excise taxes have always had a large share in total tax revenues in developed countries. Excise taxes are not only the most important line of budget revenue, but they are also an effective way to influence the price of certain types of goods. By changing excise taxes, the state can affect the level of consumption of socially harmful goods or restrict the import of certain goods.

Excise tax rates are set as a percentage of the cost of a product or service (*ad valorem*), in an absolute amount per unit of measurement in physical terms (fixed), as well as combined, consisting of *ad valorem* and fixed tax rates.

Excise tax rates may be revised by decisions of the President of the Republic of Uzbekistan during the year based on price dynamics and volume of product sales, including imports.

In developed countries, excise rates are set either as a ratio (usually high) to the value of excisable goods, expressed as a percentage (sometimes as a fraction of the price), or in absolute terms per specific unit of measurement (for example, in the United States per liter of alcoholic beverages, per 1 gallon of gasoline, etc.). The choice between two types of excise rates is primarily related to inflation. In the first case, the tax authorities receive excise taxes that change due to changes in the scale of inflation, but at the same time these fees automatically increase inflation. In absolute units, the tax authorities may lose revenue if inflation increases, but these rates do not increase inflation. The strong anti-inflationary sentiments of recent decades have contributed to the fact that developed countries prefer the second type of rates (in absolute terms).

For excisable goods for which excise tax rates are established in absolute amounts (fixed), the tax base is determined based on the volume of excisable goods in physical terms. For excisable goods produced, for which excise tax rates are established as a percentage (*ad valorem*), the taxable base is the cost of the excisable goods sold, not including excise tax and value added tax.

Excise tax is calculated based on the tax base and established tax rates. For imported excisable goods for which combined tax rates are established - *ad valorem* and fixed, the tax is calculated based on the tax base and the *ad valorem* tax rate. In this case, the tax amount cannot be less than the amount calculated using a fixed tax rate.

In order to establish state control over the production, import, storage, transportation and sale of certain types of goods, as well as the completeness of excise tax collection, to prevent their illegal import or production on the territory of the Republic of Uzbekistan, it was decided by the Cabinet of Ministers to introduce excise tax stamps. They were introduced on October 1, 1996 in accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On the procedure for the introduction of excise stamps on tobacco products and alcoholic beverages in the territory of the Republic of Uzbekistan" dated August 14, 1996, No. 285.

According to this decree, mandatory labeling of tobacco products and alcoholic beverages produced in Uzbekistan and imported into its territory, except beer, with excise stamps of the established sample was introduced and their import into the territory of our country,



transportation (except for international transit), storage and sale without affixed excise stamps were prohibited, as well as their sale on the territory excisable goods produced on the territory of our country for export or imported for international transit purposes, not marked with excise stamps. And all legal entities, regardless of their forms of ownership, producing or importing tobacco products and alcoholic beverages, were provided with an inventory of the remains of labeled goods for marking with excise stamps before October 1, 1996.

CONCLUSION

In conclusion, I would like to note that improving the methodology for applying excise tax necessitates:

- taking into account positive foreign experience in applying excise taxes in countries with developed market economies;
- specification of criteria for determining excisable goods;
- revision of interest rates on some excisable goods specified in tax legislation;
- improving taxation in the field of excise taxes is one of the most important conditions for improving the economic situation and replenishing the state budget;

The main principles of the reform of excise taxation are the establishment of such rules for their payment, which would limit the possibility of tax evasion to the maximum extent.

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