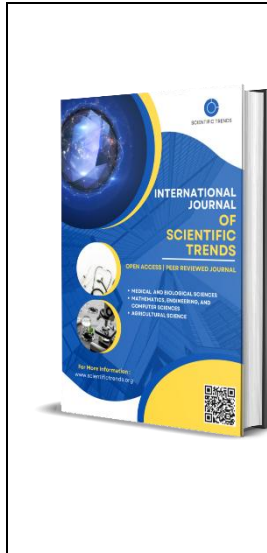


Stages of Development of Scientific Perspectives on Tax Burden

Rakhimova Shakhlo Rajapboevna
Lecturer at the University of Economics



Abstract

The article analyzes the historical formation and developmental stages of scientific perspectives on tax burden, examining its impact on economic development. The concept of tax burden, its evolution, interpretations across various economic schools of thought, and its influence on the economy are thoroughly explored. Additionally, the study investigates the advantages and disadvantages of tax burden for taxpayers, the directions of contemporary tax policy, and the levels of tax burden in different countries in relation to economic growth. The case of Uzbekistan is highlighted, focusing on the dynamics of tax burden in recent years and its effects on the business environment.

Keywords: Tax burden, economic development, tax policy, economic schools, investment, entrepreneurship, Keynesianism, Laffer curve, globalization.

Introduction

Introduction the tax burden represents a critical factor in economics, constituting an integral component of state fiscal policy. The level of tax burden and its economic implications vary widely in global practice. In certain countries, a high tax burden is employed to prioritize the expansion of state-provided social services, whereas in others, a lower tax burden is maintained to foster greater opportunities for private sector development. Furthermore, fluctuations in the tax burden – whether increases or decreases – exert diverse effects on economic growth, inflation, unemployment, and the investment climate. The tax burden, as determined by the state, directly influences production, consumption, investment, and the entrepreneurial environment. Consequently, accurately assessing the tax burden and studying its impact on economic development hold significant importance. The concept of tax burden has been interpreted differently across economic schools of thought. Classical economists viewed it as a mechanism to cover state expenditures, while Keynesians regarded it as a tool for regulating the economy. Contemporary research, meanwhile, conducts in-depth analyses of the tax burden's effects on economic growth, investment climate, and entrepreneurial development. Early Scientific Perspectives and Concepts Scientific perspectives on the tax burden emerged as early as ancient times. For instance, Adam Smith, in his seminal work *The Wealth of Nations*, articulated views on the equitable distribution of taxes and their economic impact. According to Smith, adherence to principles of equality and efficiency in the tax system is essential. Industrial Progress and Tax Burden In the 19th century, the Industrial Revolution accelerated economic development, leading

to a deeper exploration of perspectives on tax burden. Karl Marx analyzed taxes as a component of class-based societies, shedding light on their implications for economic justice. During this period, David Ricardo and John Stuart Mill also investigated the effects of tax burden on production and society.

Figure 1. Stages of Perspectives on Tax Burden

№	Period	Perspectives on Tax Burden
1.	Early Periods	Taxes were collected solely to cover state expenditures.
2.	Classical Economists (Adam Smith, David Ricardo)	Taxes influence economic development but should remain moderate and balanced.
3.	Keynesianism	Taxes are regarded as a mechanism for state regulation of the economy.
4.	Contemporary Economic Perspectives	The relationship between tax burden and economic growth is investigated.

The tax burden refers to the total volume of tax obligations imposed by the state relative to the income and property of taxpayers. This concept reflects the extent to which economic entities are subjected to taxation and encapsulates the financial burden they bear. In other scholarly literature, the tax burden is defined as the aggregate sum of taxes paid by a taxpayer within a specific time period. This includes the total of all taxes and mandatory non-tax payments borne by the taxpayer. Determining the precise extent to which the tax burden falls on specific taxpayers is considered a complex process. The current Tax Code of the Republic of Uzbekistan does not provide an explicit definition of the term "tax burden." However, the Code outlines provisions related to tax rates, taxable objects, and tax incentives, through which the level and distribution of the tax burden are indirectly determined.

The impact of the tax burden on the economy can be assessed through its effects on economic growth, the investment environment, entrepreneurial activity, and the consumer market:

- **Impact on Economic Growth:** A low tax burden (10–20%) tends to stimulate economic growth, while a moderate tax burden (20–30%) contributes to maintaining economic balance. Conversely, a high tax burden (30% and above) may impede economic growth.
- **Impact on the Investment Environment:** An elevated tax burden can create an unfavorable climate for investors, potentially leading to a reduction in both foreign and domestic investment.
- **Impact on Entrepreneurial Activity:** A high tax burden poses challenges to the development of small and medium-sized enterprises, which may reduce competition within the economy and limit the creation of new employment opportunities.
- **Impact on the Consumer Market:** An increase in the tax burden can drive price inflation, thereby diminishing consumers' purchasing power. Consequently, a well-designed tax policy has the potential to stimulate the consumer market.

Table 1. Indicators of Tax Burden in Uzbekistan

Year	Tax Burden (%)	GDP (trillion . UZS)	Economic Growth (%)	Inflation (%)	Government Expenditure (trillion UZS)
2020	18.5	687.0	1.6	11.5	203.5
2021	17.8	832.9	7.4	10.0	230.1
2022	17.2	977.2	5.7	12.3	256.8
2023	16.9	1150.8	5.2	10.8	280.3
2024	16.5	1320.4	6.1	9.5	305.2

As evident from the table above, the tax burden in Uzbekistan has been steadily decreasing over the past five years. This trend is regarded as a result of reforms implemented to improve the business environment and attract investment. The reduction in the tax burden positively influences the quantitative increase in government expenditure and key indicators of economic growth.

An increase in the tax burden may engender several adverse consequences for taxpayers:

- **Increased Financial Burden:** A rise in taxes leads to a reduction in the income of citizens and entrepreneurs, posing a particularly significant challenge for small and medium-sized enterprises.
 - **Decline in Investment:** An elevated tax burden complicates capital investment and slows investment activity within the economy.
 - **Impact on Wages and Consumption:** Due to an increased tax burden, employers may limit wage increases to reduce costs, which negatively affects population consumption and living standards.
 - **Growth of the Shadow Economy:** With a rising tax burden, some enterprises and individuals may become inclined to exit the formal sector and engage in illicit economic activities.
- Based on these analyses, optimizing the tax burden involves creating favorable conditions for businesses, providing tax incentives, and enhancing the efficiency of government expenditure, all of which hold significant importance.

Table 2. International Comparative Analysis of the Impact of Tax Burden on Taxpayers

№	Country	Tax Burden (%)	GDP (trillion USD)	Economic Growth (%)
1.	USA	25.5	23.3	2.1
2.	Germany	39.3	4.5	1.8
3.	France	45.2	3.0	1.5
4.	Russia	22.0	1.7	3.2
5.	Kazakhstan	18.3	0.3	4.1
6.	Uzbekistan	16.0	0.15	6.5

The data presented in this table indicate that the tax burden in Uzbekistan is relatively lower compared to certain other countries. While this facilitates the creation of a favorable environment for business development, it may impose constraints on the revenue component of the state budget. Countries with a higher tax burden are typically distinguished by the extensive scope of their social services.

Measures to reduce the tax burden in Uzbekistan encompass the following:

Revision of tax rates: Tax rates for certain categories are being lowered to support small and medium-sized enterprises.

Tax incentives: Various benefits are being extended to newly established entrepreneurial entities, exporters, and strategic sectors.

Simplification of tax administration: The introduction of electronic declarations and automated systems is reducing the administrative tax burden.

Equitable distribution of the tax burden: Mechanisms for targeted tax revenues are being strengthened for large business representatives.

Reduction of the shadow economy: Measures are being implemented to increase official tax revenues by legalizing illicit businesses.

In recent years, Uzbekistan's tax system has undergone significant reforms and modernization. The Tax Code has been refined, with tax rates reduced to improve the business environment. Notably, the single tax payment has been abolished, and value-added tax (VAT) rates have been gradually decreased. Efforts to simplify and digitize tax administration are also underway.

In contrast, foreign countries exhibit diverse tax system models. For instance, the United States and the United Kingdom apply progressive tax rates. Germany and France, adhering to the concept of a social state, maintain a high tax burden. Meanwhile, countries such as Singapore and Dubai feature minimal tax burdens, oriented toward attracting business and investment.

Empirical evidence suggests that an optimal tax burden is critical for economic development. An excessively high tax burden may stifle business activity and encourage the growth of the shadow economy. Consequently, it is deemed advisable for Uzbekistan to draw on international experience, focusing on enhancing the investment climate and further simplifying tax administration.

Table 3. Analysis of Tax Burden Across Countries

No	Country	Tax Burden (%)	Economic Growth (%)
1.	USA	25%	3.0%
2.	Germany	30%	1.5%
3.	France	35%	1.2%
4.	Japan	28%	2.0%

The tax burden constitutes a pivotal factor in shaping a country's economic policy. An optimal tax burden level serves as an effective mechanism for fostering economic growth and enhancing the investment climate. Consequently, each country must calibrate its tax burden in accordance with its specific economic conditions.

As a critical element of state policy within the economy, the tax burden exerts a direct influence on economic growth, the investment environment, and entrepreneurial activity. Analyses suggest that a low tax burden stimulates economic growth, whereas a high tax burden may adversely affect business and capital inflows. In Uzbekistan, between 2020 and 2024, the tax burden decreased from 18.5% to 16.5%, contributing to an improved business environment and encouraging economic growth. International experience (e.g., the United States, Germany, Singapore)

demonstrates that the level of the tax burden should be based on an optimal balance between economic stability and the provision of social services. Given the significant role of tax policy effectiveness and equitable distribution in its economic impact, the following recommendations can be proposed:

- a. Balancing the tax burden: Reducing tax rates to support small and medium-sized enterprises while aligning them with economic growth objectives.
- b. Expanding incentives: Increasing the introduction of tax benefits for innovative projects, exports, and key industries.
- c. Deepening digitization: Further developing electronic systems to simplify tax administration.
- d. Reducing the shadow economy: Strengthening legislative measures to legalize illicit activities and broaden the tax base.
- e. Learning from international experience: Leveraging the practices of low-tax-burden countries (e.g., Singapore, Dubai) to enhance investment attractiveness.
- f. Continuous monitoring: Regularly analyzing the tax burden's impact on economic growth, inflation, and entrepreneurship to refine policy accordingly.

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