



PROPERTY TAXES AND THEIR SCIENTIFIC JUSTIFICATION

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Abstract: In this study, the theoretical and scientific foundations of property taxes are analyzed in depth. Principles of taxation - social, economic and legal aspects of property taxation are covered through the principles of benefit (equivalence), solvency and justice. Advantages and problems of calculating property taxes based on cadastral value and average annual value are analyzed. Also, scientific proposals and recommendations were developed on the role of property taxes in the formation of local budgets, increasing fiscal efficiency and improving the state tax policy.

Keywords: Property taxes, cadastral value, average annual value, principles of taxation, local budget, fiscal efficiency, principle of justice, economic development.

The Concept for Improving the Tax Policy of the Republic of Uzbekistan notes that the ineffectiveness of the administrative mechanisms of local taxes and fees leads to an insufficient level of their collection, as well as the lack of a complete accounting of real estate and land plots and an objective determination of their value. It is not without reason that tax policy pays attention to property taxation, since the level of tax revenues of local budgets directly depends on its effectiveness, and there are many unresolved problems in their development and self-sufficiency. To study them, we will consider the theoretical and organizational features of property taxation.

In modern encyclopedic literature, property taxes are «recognized as one of the first types of taxes, according to which property in a broad sense serves as the object of taxation and involves the withholding of part of the income of the owner (rarely the user) in favor of the state for the possession of this property or the implementation of certain transactions with it (including inheritance, gift, and sometimes purchase and sale transactions)».

In the theories explaining tax relations, property has been considered the most



important element for several centuries, which primarily includes real estate - land, buildings. In scientific research, among the many theoretical explanations and justifications of the nature of tax relations in the property sector, some conditions that serve as the theoretical and legal basis for the use of property and their compatibility with the principles of taxation are often highlighted.

Two main principles are recognized as the most important in property taxation: the principle of benefit (or equality) and the principle of ability to pay. Both principles are based on the need to tax property in the interests of the state. There is a view that this argument ensures the protection of property rights and property ownership rights within the framework of the theory of state and law.

The principle of utility (principle) explains that property taxation is a means of financing certain services for the benefit of the owner of property, thereby affecting the value of this property. Any object under construction increases the value of the land plot allocated for construction, thereby creating a single price for the future real estate object.

The ability-to-salvage principle is the most widespread in applied economics and is based on the position that property is potential income, regardless of whether it is subject to taxation or not.

The implementation of the above-mentioned principles of equivalence and solvency can also be supplemented by the widespread principle of justice, which is based on law. Modern authors consider it necessary to include all tax and civil-law relations in the tax law, considering tax legal relations, in the category of property relations, and to distinguish among property relations those regulated by tax legislation. «This task is very complex and responsible, since the regulation of relations that are not inherent in it by tax legislation can threaten the stability of the legal system as a whole and lead to a violation of the rights and legitimate interests of citizens and organizations». In this regard, S.G. Pepelyaev, emphasizing the «obligatory nature of tax relations», believes that the essence of the obligation is the payment of taxes. At the same time, the obligation is traditionally a civil-law concept. Since citizenship and tax relations have an «economic commonality» related to the distribution of benefits, all the features of tax obligations that modern taxpayers address are considered civil law



obligations or are inherent to them.

In modern tax law, ownership of property is one of the main characteristics (see Figure 1).

The implementation of the principle of fairness in taxation is limited from the point of view of tax law, since the legal features of the implementation of property relations are related to the opportunities provided to citizens and business entities by legislation and are limited by the same legislation.

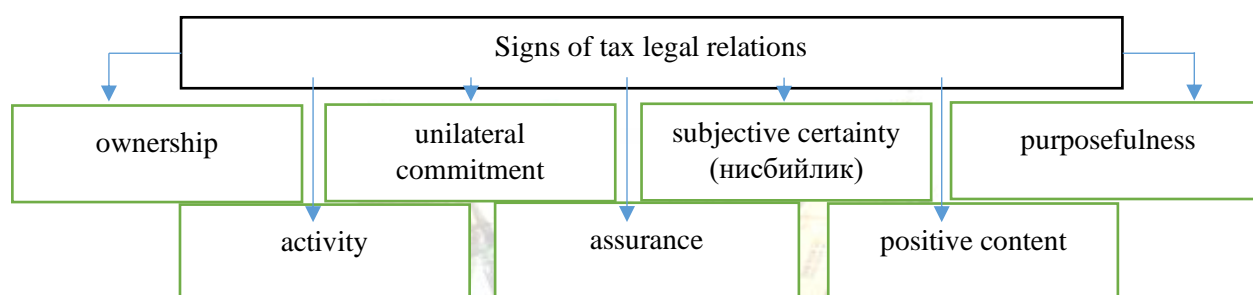


Figure 1 – Signs of tax legal relations¹

The famous Russian jurist, the founder of the doctrine of taxes, A.A. Sokolov, in one of his last works, «Theory of Taxes» (1928), developed the principles of taxation based on the classification of the famous rules of A. Smith and the principles of A. Wagner. It should be recalled that at one time A. Smith described the following rules, which were not immediately called principles, among which the following are distinguished:

the obligation of citizens of any state to contribute to the expenses of government in proportion to their means or to their income within the limits of applicable laws;

The tax payable by each citizen should be clearly defined¹ in terms of its amount and method of payment;

The collection of any tax should be convenient for the payer in terms of time and method;

«Taxes should not be collected from the taxpayer less than what is received by the treasury».

The critical understanding of the content of A. Smith's principles by his followers

¹ Compiled by the author



and students became the basis for the development of the doctrine of principles, and various criteria for classifying principles emerged.

For example, A. Wagner divided the nine principles of taxation into four categories.

The first includes financial and technical principles, including the principles of adequacy and mobility.

which is often referred to by the authors of the theory of tax shifting, includes the principles of national economy, according to which the following are carried out: choosing the source of taxation, choosing individual types of taxes according to the impact of taxes on payers.

In the third category, A. Wagner included the principles of justice, which include the principles of generality and equality.

The fourth category - principles of tax management include: the principle of accuracy of tax, the principle of ease and cheapness of its collection.

Among the four categories of principles listed by A. Wagner, many researchers have considered and consider financial-political principles to be the most important. However, the principles of justice are also important in the system of property taxation. A. Wagner rightly connects them with the principles of the national economy and explains this connection by the fact that they «serve as the basis for a fair distribution of the tax burden between individual taxpayers». The principles of national economy make it possible to evaluate various types and forms of taxation from the point of view of their impact on the national economy, while respecting the interests of not only individuals, but also society as a whole.

A.A. Sokoloff, explaining the problem of applying the principles of justice, poses three main interrelated questions: «1) what share of the national income can be obtained from budget revenues in general and taxes in particular; 2) how should this amount be distributed, on the one hand, between certain classes of the population and, on the other hand, between certain sectors of the national economy; 3) how should this amount be distributed among individual payers». In answering these questions, researchers refer to various (classical and modern) tax theories and dwell not only on the principle of justice, but also on the principles and problems of taxation associated with them.



For example, J.S. Mill, considering the fairness of the tax burden, drew attention to the fact that the uniformity of taxation is the main rule in the state, according to which there should be no distinction between individual taxpayers (individuals or classes), and any payments that the government requires from them should be distributed equally to all. This is associated with less loss for society. In addition, J.S. Mill derived the principle of progressive taxation from the theory of fairness of the tax burden and believed that the principle of fairness is realized in increasing the percentage rate of income tax in accordance with the growth of income. Civil the principle of progressive taxation is widely used in taxes.

of property taxation, including the principles of fairness, is primarily of fiscal importance. Therefore, the tax policy of Uzbekistan pays considerable attention to the development of property taxation. According to many modern authors, property taxation is not only an independent direction of theory, but also one of the main tasks of state tax policy.

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