

LAND TAX LEVIED ON LEGAL ENTITIES

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Abstract: *This article analyzes the economic essence of land tax levied on legal entities, its role within the tax system, as well as the procedures for its determination and collection mechanisms. The paper examines the legal framework of land taxation, tax rates, tax incentives, procedures for calculation and payment, as well as existing problems and directions for improvement. The results of the study are useful for legal entities, tax authorities, economists, and researchers conducting scientific studies in this field.*

Keywords: *land tax, legal entities, tax obligations, cadastral value, tax rate, tax incentives, tax administration, budget revenues, land resources, Tax Code.*

Introduction

Taxes are the primary source of state budget revenues and play a decisive role in ensuring economic stability, addressing social issues, and fulfilling state functions. Within the tax system, land tax occupies a special place. It is levied on land plots owned or used by legal entities. This tax not only performs a fiscal function but also serves as an economic instrument that stimulates rational, efficient, and targeted use of land resources.

According to the revised Tax Code of the Republic of Uzbekistan, effective since 2020, land tax for legal entities is determined based on the cadastral value, location, category, and intended use of land plots owned or permanently used by them. Land tax is one of the key revenue sources of the tax system of the Republic of Uzbekistan and contributes to the formation of state budget revenues, rational use of

land resources, and financing of regional socio-economic development. This article analyzes the procedure for collecting land tax from legal entities, tax policy, and existing regulatory legal acts, and provides scientific and practical recommendations for improvement.

Literature Review

The Tax Code of the Republic of Uzbekistan (2020) establishes the legal framework for land tax, clearly defining the object of taxation, taxpayers, tax rates, tax incentives, and payment procedures. The Code stipulates that land tax for legal entities is calculated based on cadastral value.

Presidential decrees and resolutions (2017–2024) have been adopted to simplify tax policy, promote rational use of land resources, and digitalize tax administration. These measures have significantly increased the transparency and efficiency of land tax calculation and administration.

Reports of the Center for Economic Research and Reforms provide important statistical data on the share of land tax in budget revenues, its regional distribution, and measures to expand the tax base.

International experience reflected in reports by the World Bank and the International Monetary Fund (IMF) indicates that in developed countries, land tax mainly serves a regulatory function, tax rates are determined by local authorities, and land valuation is based on market prices. Differences between international practices and Uzbekistan's experience are identified.

Studies by local scholars such as A. Vohidov, Sh. Xolmirzayev, and K. Hasanov highlight the role of land tax in ensuring budget revenue stability and economic efficiency. Identified challenges include irregular land revaluation, excessive tax incentives, and high administrative costs.

According to the “**Land Code**” of the Republic of Uzbekistan adopted in 1998, land is recognized as a national wealth and serves as the foundation of life, activity,

and well-being of the people of Uzbekistan; therefore, it must be rationally used and protected by the state.

The adoption of the first edition of the Tax Code in 1998 created the legal basis for land taxation. Subsequently, land tax was regulated under the second edition of the Tax Code effective from January 1, 2008. Currently, all types of taxes, including land tax, are calculated and administered in accordance with the third edition of the Tax Code adopted on December 30, 2019.

Taxpayers and Object of Taxation

Taxpayers of land tax levied on legal entities are legal entities possessing ownership rights, possession rights, lease rights, or permanent use rights to land plots. If immovable property is leased, the lessor is considered the taxpayer. However, in the case of financial lease (leasing), the lessee is recognized as the taxpayer for the leased immovable property. When multiple legal entities jointly use a land plot, each entity pays land tax proportionally to its share of the used area.

The object of taxation is land plots owned, possessed, used, or leased by legal entities. If any right to a land plot arises, it becomes subject to taxation starting from the month following the occurrence of such right, not from the date of state registration.

Tax Base

1. Non-agricultural land:

The tax base is determined as the total area of non-agricultural land plots, excluding tax-exempt land areas. Tax rates per hectare are established by the government depending on regions.

2. Agricultural land:

The tax base is calculated based on the normative value of land plots, excluding tax-exempt areas. Land tax for agricultural land is calculated by multiplying the normative value by a tax rate of 0.95%, uniformly applied across all regions. This tax is paid by agricultural producers.

The land tax amount (Ssum) is calculated using the following formula:

$$Ssum = YNV \times N$$

Where:

YNV – normative value of agricultural land

N – tax rate

A coefficient of 0.25 is applied to tax rates for land occupied by legal entities established by public associations of persons with disabilities, provided that at least 50% of employees are persons with disabilities and their wage fund constitutes at least 50% of the total wage fund.

A coefficient of 0.4 is applied to land occupied by power transmission lines, substations, and related facilities.

If ownership, possession, use, or lease rights to land arise during the year, the tax base is calculated starting from the month following the acquisition of such rights. If the land area is reduced, the tax base is reduced from the month of reduction. If tax incentives arise or are terminated, the tax base is adjusted accordingly from the relevant month.

Tax Incentives

The following land plots are exempt from land tax:

1. Producers of energy from renewable sources (with a nominal capacity of up to 0.1 MW):

Land plots used by producers of energy from renewable sources with a nominal capacity of up to 0.1 MW are exempt from land tax for a period of **10 years** starting from the date the facilities are commissioned.

2. Land plots where water-saving irrigation technologies have been introduced since January 1, 2021:

Land plots where water-saving irrigation technologies or other types of water-efficient irrigation systems have been introduced since January 1, 2021, are exempt

from land tax for a period of **5 years**, starting from the beginning of the month in which such technologies are implemented.

3.Newly developed land for agricultural purposes:

Land plots newly developed for agricultural purposes, in accordance with a project approved by the authorized body, are exempt from land tax during the period of land development works and for **5 years** from the date such land is officially developed.

4.Existing irrigated land undergoing land reclamation (melioration) works:

Existing irrigated land plots undergoing melioration works, in accordance with a project approved by the authorized authority, are exempt from land tax for a period of **5 years** starting from the commencement of the reclamation works.

5.Land occupied by newly established orchards, vineyards, and mulberry plantations:

Land plots occupied by newly established orchards, vineyards, and mulberry plantations are exempt from land tax for a period of **3 years**, regardless of whether inter-row areas are used for planting agricultural crops. For seedlings planted in autumn, the tax exemption period is calculated starting from **January 1 of the current tax year**.

6.Land used by scientific and educational institutions for research and training purposes:

Land plots of agricultural significance and forest fund lands directly used for scientific and educational purposes by scientific organizations, research institutions in agriculture and forestry, as well as experimental, pilot, and training farms affiliated with educational institutions, are exempt from land tax.

7.Land plots occupied by antenna towers and metal structures located in rural areas:

Land plots occupied by antenna towers, metal structures located in rural areas, as well

as structures installed on them and constituting an integral part thereof, are **fully exempt from land tax**.

Tax Calculation, Reporting, and Payment Procedures

Land tax is calculated as of January 1 of each tax year. Tax reports are submitted to the tax authority at the location of the land plot within the following deadlines:

1. Non-agricultural land – by January 10 of the current tax year;
2. Agricultural land – by May 1 of the current tax year.

Payment procedures:

For non-agricultural land:

1. Turnover tax payers – quarterly, 1/4 of the annual amount by the 20th day of the last month of each quarter;
2. Other taxpayers – monthly, 1/12 of the annual amount by the 10th day of each month.

For agricultural land:

1. 30% of the annual amount by September 1;
2. Remaining 70% by December 1.

Conclusion and Recommendations

Land tax levied on legal entities is an essential component of Uzbekistan's tax system, ensuring budget revenue stability and regulating rational use of land resources. It enables state control over land ownership and use, preventing illegal occupation, idle land, and inefficient exploitation.

In practice, land tax serves not only as a financial obligation but also as an economic incentive for efficient land management. It directly affects production cost structures, investment planning, land use efficiency, and contributions to infrastructure development.

Recommendations include:

1. Regular revaluation of land and alignment of cadastral value with market value:

The economic value of land often differs significantly from the current cadastral valuation, which hinders the accurate formation of the tax base. Therefore, it is necessary to develop a unified methodology for land revaluation every 2–3 years, taking into account factors such as land location, infrastructure availability, profitability level, and market demand.

2. Increasing tax rates on idle or improperly used land plots:

Land that is unused or inefficiently utilized represents a lost economic opportunity. As an incentive mechanism, it is advisable to introduce a differentiated system whereby higher tax rates are applied to idle or unused land plots, while standard tax rates are maintained for land that is actively and efficiently utilized.

3. Expanding the digitalization of tax administration:

The process of calculating, verifying, and paying land tax should be fully automated through taxpayers' personal online accounts. Strengthening the integration between the e-cadastre system, tax databases, and the e-government platform is essential. All land-related documentation should be transferred to a unified digital platform.

4. Optimizing tax incentives and evaluating their effectiveness:

Currently, tax incentives granted to certain sectors, particularly large-scale projects, may lead to a reduction in budget revenues. Therefore, it is necessary to conduct an economic analysis prior to granting any tax incentive and to establish a monitoring system to assess the investment return and effectiveness of such incentives.

5. Applying differentiated tax rates based on the level of regional economic development:

In regions with high economic activity, such as Samarkand, Tashkent, and the

Fergana Valley, tax rates may be adjusted accordingly. In less developed regions, more favorable tax rates can be introduced to attract investors and stimulate economic growth.

6. Strengthening accuracy and order in land accounting and record-keeping:

Clear determination of land plot boundaries and regular updating of cadastral passports are required. Timely formalization of land-related documents should be jointly monitored by tax authorities and cadastral services to ensure data accuracy and compliance.

7. Studying and adapting international best practices:

In developed countries, land tax primarily serves a regulatory function rather than a purely fiscal one. Uzbekistan can adapt this experience by introducing a phased land tax system based on population density, infrastructure development, and business activity levels.

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