ANALYSIS OF THE PRIVILEGES GRANTED FROM CUSTOMS PAYMENTS

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Customs payments play a crucial role in ensuring the sustainable economic growth of the state and effectively regulating its foreign economic activity. Continuously improving the system of managing foreign economic activity through Customs payments, based on advanced foreign experience, international norms, and principles, contributes to the development of the national economy and accelerates its integration into international economic processes.

Through Customs payments, important tasks are accomplished, including forming an effective structure of foreign trade, protecting domestic producers from unfair competition from abroad, and increasing state budget revenues. At the same time, the preferences and privileges granted within Customs payments occupy a special place.

According to current customs and tax legislation, customs payments privileges are granted to various economic entities for certain periods, serving objectives such as social protection, attracting investments, creating new jobs, modernizing production, and enhancing export potential.

In the Republic of Uzbekistan, the need has arisen to effectively manage the taxation and customs-tariff system aimed at developing competitive production, encouraging entrepreneurial activity, strengthening a healthy competitive environment, expanding the country's export potential, and ensuring the domestic market is supplied with quality consumer goods. In this regard, on June 27, 2019, the President of the Republic of Uzbekistan issued Decree No. PF-5755 titled " On measures to further streamline the provision of tax and customs privillages" This document specifically outlines important tasks aimed at improving the country's investment climate, establishing fair competition principles, and regulating the practice of granting privileges from taxes and Customs payments [1].

Currently, one of the most pressing issues in the country is the economic analysis of customs payments privileges and preferences granted to participants in foreign economic activity, as well as identifying ways to enhance their effectiveness.

In modern conditions, foreign trade constitutes an essential component of development. In our country, to comprehensively support enterprises producing import-substituting and export-oriented competitive finished goods, promote economic modernization, encourage technical and technological equipment upgrades, and foster an investment-friendly environment, the government has enacted laws and regulations that provide customs payments privileges to participants in foreign economic activity (Figure 2).

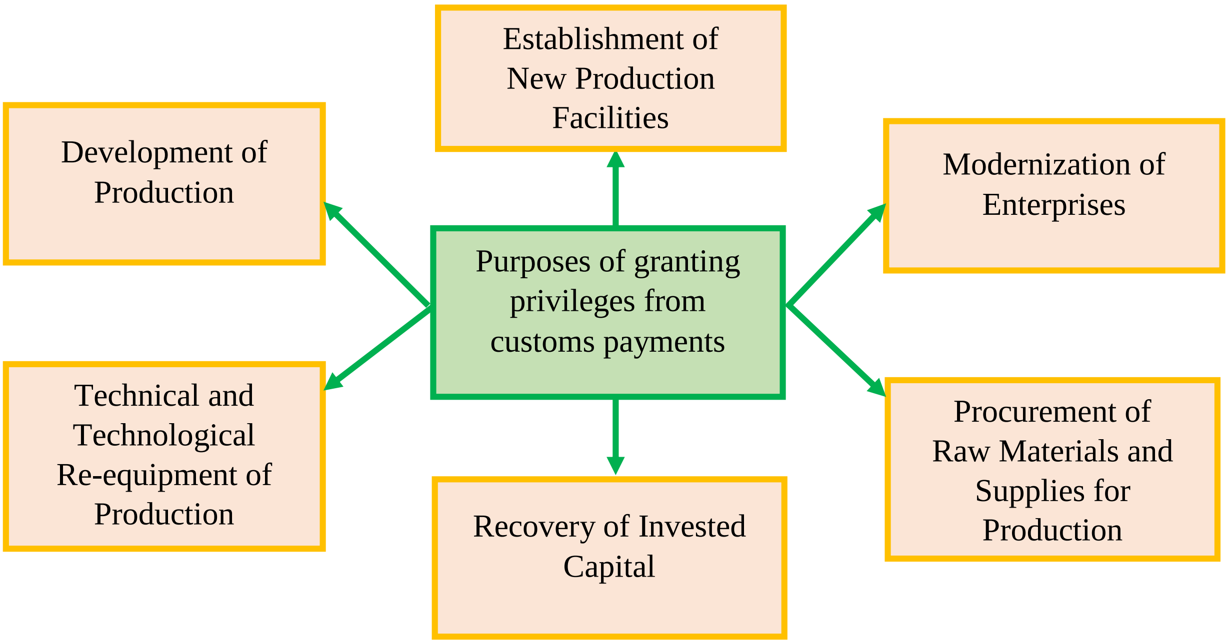

Figure 1. Purposes of granting privileges from customs payments

An analysis of Customs payments assessed by customs authorities during the period of 2019–2023 shows that the share of customs payments privileges granted to business entities in the total amount of assessed customs payments was 77.7 percent in 2019. By 2023, this figure had decreased to 49.6 percent (Figure 2).

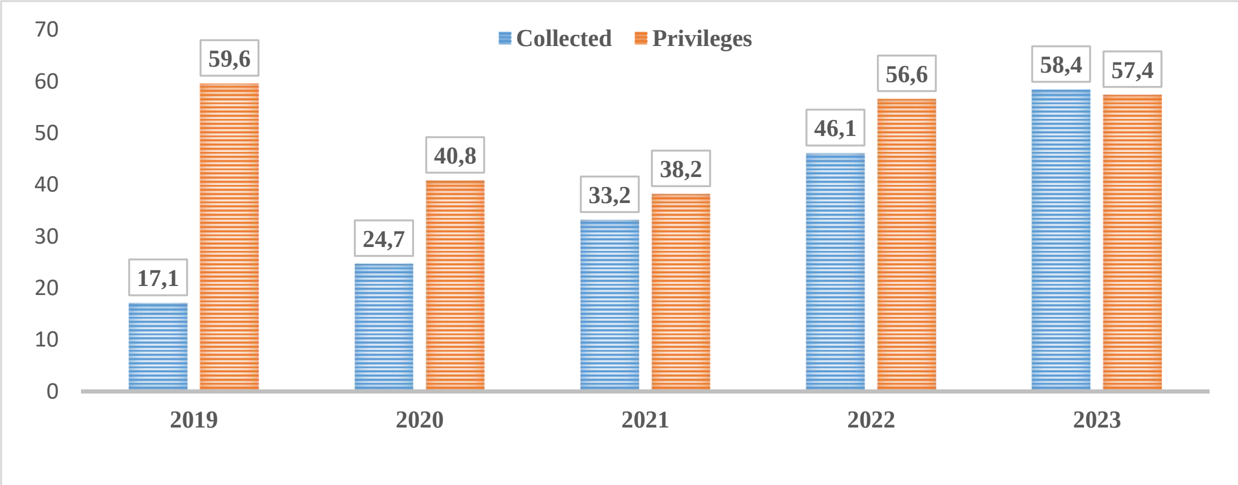

Figure 2. Customs duties collected and privileges granted in 2019–2023
(in trillion UZS)

Source: Prepared by the author based on data from the Customs Committee.

An analysis of the share of customs payments privileges by type, granted by customs authorities during 2019–2023, shows that in 2019, 62.40% of the privileges were related to value-added tax (VAT), 32.29% to import customs duty, 5.30% to excise tax, and 0.01% to customs fees. In 2023, these figures amounted to 60.50%, 39.13%, 0.30%, and 0.07%, respectively.

These data indicate an increase in tariff preferences and privileges related to import customs duty, while privileges for value-added tax and excise tax have shown a downward trend.

In addition, during this period - in particular, in 2021 - the abolition of excise tax on 73 types of imported goods led to a significant decrease in the volume of excise tax privileges (Table 1).

Table 1.

The share of privileges granted by customs authorities in terms of customs payments, in percentage

Years	Total privileges granted from customs payments	Import Customs duty	Excise Tax	Value-Added Tax (VAT)	Customs Fees
2019	100,00	32,29	5,30	62,40	0,01
2020	100,00	42,90	3,90	53,80	0,01
2021	100,00	50,72	0,02	49,20	0,06
2022	100,00	40,30	0,20	58,75	0,05
2023	100,00	39,13	0,30	60,50	0,07

Source: Prepared by the author based on data from the Customs Committee.

Based on the above analysis, the following measures are recommended to optimize the granting of customs payments privileges:

to grant customs payments privileges strictly in accordance with the requirements set forth in Article 296 of the Customs Code, as well as in compliance with the Customs Code itself, other applicable laws, and the decisions of the President of the Republic of Uzbekistan;

to integrate customs authorities into the relevant software systems of tax authorities in order to monitor the movement of goods granted customs privileges and ensure their proper and intended use;

based on international best practices, to replace customs payments privileges with tariff quotas when importing raw materials, semi-finished products, and essential food items that are in high demand and not sufficiently produced domestically.

In conclusion, taking the above into account, introducing amendments and additions to the regulatory documents related to customs payments privileges will contribute to enhancing the effectiveness of the preferences and privileges granted.

References

1. Decree No. PF-5755 dated June 27, 2019, of the President of the Republic of Uzbekistan “On measures to further streamline the provision of tax and customs privillages”
2. www.lex.uz
3. www.customs.uz