



Article

Improvement the Administration of Land Tax Collected from Individuals

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Abstract: Land tax plays a crucial role in financing local budgets and promoting the rational use of land resources, making its effective administration a priority in fiscal policy. In Uzbekistan, reforms such as the adoption of a new tax code and the digitization of tax services have improved transparency; however, persistent issues remain, including the absence of a unified database, unclear legal statuses, inefficient collection mechanisms, and low tax culture. While previous studies by economists like Stiglitz, Dye, England, Fischel, Oates, and Jaeger have examined the economic significance of land taxation, there is insufficient localized analysis addressing the systemic and administrative problems specific to Uzbekistan's land tax system for individuals. This study aims to analyze the current state of land tax administration for individuals in Uzbekistan, identify existing shortcomings, and propose evidence-based solutions informed by international best practices. Analysis of statistical data from 2020 to 2024 indicates steady growth in total tax revenues and significant increases in land tax collected from individuals, reflecting improved engagement and administrative measures; however, systemic inefficiencies continue to limit optimal performance. The study integrates empirical fiscal data with qualitative assessment and comparative policy analysis to produce targeted recommendations for enhancing tax administration efficiency, transparency, and fairness in the Uzbek context. Implementing the proposed reforms such as establishing a unified cadastral database, optimizing tax rates, and strengthening digitalized control can expand local budget revenues, improve taxpayer compliance, and encourage the sustainable and rational use of land resources.

Keywords: Land tax, individuals, taxation system, local budget, tax administration, tax policy, tax rates, land resources, tax collection mechanism, tax base

Citation: Shamil Ulugbek ugli Ramazonov. Improvement the Administration of Land Tax Collected from Individuals. Central Asian Journal of Innovations on Tourism Management and Finance 2025, 6(4), 1390-1396.

Received: 10th June 2025

Revised: 25th June 2025

Accepted: 24th July 2025

Published: 27th August 2025



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Introduction

In the process of gradual transition to a market economy, the taxation system in Uzbekistan is undergoing a fundamental reform. The adoption of a new tax code, the digitization of state tax service bodies, and the introduction of innovative mechanisms such as the "Personal Taxpayer's Account" are making the country's tax system more efficient and transparent. However, there are problems that need to be addressed, especially in the area of land taxation:

1. The lack of a unified database and the issue of completeness of land accounting. The lack of an accurate and complete database of land plots, the limited ability to reflect their ownership and use status in real time are a major obstacle to the formation of the tax base [1]. This, in turn, leads to the incorrect formation of the land tax base and

shortcomings in tax collection. It is necessary to increase the accuracy of the land tax base by creating a unified and systematic cadastral system.

2. Deficiencies in legal status and data updating. In some regions, the unclear legal status of taxpayers in relation to land plots and the lack of regular updating of land cadastre data are leading to low tax collections. This situation increases distrust between taxpayers and tax authorities and reduces the effectiveness of tax policy [2].

3. Tax arrears and efficiency of collection mechanisms. The level of tax arrears on land tax is high, and collection mechanisms are not sufficiently effective. This leads to a decrease in financial discipline, weakness in the control system, and slow application of legal measures. It is necessary to strengthen the collection system, improve the effective monitoring and punishment system [3].

4. Tax culture and lack of information. As a result of the low tax culture among the population and entrepreneurs and insufficient information about tax obligations, there are often cases of tax payment delays. This problem can be eliminated by publicizing tax policy, strengthening information campaigns, and providing convenient services to taxpayers [4].

Literature review

The role of individuals in the land tax system is of particular importance, since they constitute a significant part of land tax payers in many countries. Individuals contribute to the income of local budgets through land tax payments, and also encourage the rational use of land resources [5].

The work of Nobel Prize laureate Stiglitz on tax policy is important in terms of the economic efficiency and fairness of land taxes. He speaks about the equal distribution of the tax burden, in particular, differentiation between individuals depending on their ability to pay taxes. Land taxes should be clear and fair for individuals depending on the level of property ownership. The progressivity of the tax system should protect low-income families and collect more taxes from high-income owners [6].

According to Stiglitz, land taxes should stimulate investment in the economy and ensure the rational use of land resources. At the same time, the tax system should not be complicated and not increase bureaucratic costs.

Research by Dye and England provides detailed information on how land taxes affect housing prices and residential location choices for individuals. They argue that tax rates and the land tax system determine the dynamics of the housing market, as high land taxes can act as a disincentive to home purchase. The high and complex nature of land taxes affects individuals' migration decisions, which can either reduce or increase population density in some areas [7].

William Fischel's research is based on the view that land taxes are private property. According to him, land tax payments shape individuals' attitudes towards their property. If the tax is too high, it discourages investment and land investment. He argues that for land taxes to be effective, they must be consistent, understandable, and fair, otherwise they will lead to unreasonable fluctuations in the land market.

Oates has studied the importance of land tax as a major source of revenue for local budgets. He believes that land tax payments from individuals provide financing for local infrastructure and services. Therefore, tax policy should be effectively managed at the local level. Land tax reflects the needs of individuals for local services and the ability to meet the budget [8].

David Jaeger's work focuses on the impact of land tax on social justice and its role in reducing inequality between individuals. Jaeger argues that the progressive nature of land tax helps reduce social inequality, especially for those who do not own land or have

little property. Tax policy can smooth out differences in land ownership and ensure social stability [9].

Local economists have also conducted scientific research on the importance of land resources in the national economy in Uzbekistan, the use of financial and credit mechanisms for their effective use, including issues related to their taxation. However, the above research, in our opinion, is not enough to provide a solution to a number of problems related to the taxation of limited natural resources in our republic today, and this requires further strengthening of scientific research in this area [10].

Research methodology

The methodology for this study was developed using a comprehensive and integrative approach to examine the administration of land tax collected from individuals in Uzbekistan. The research employed a combination of theoretical observation, systematic analysis, and comparative review of both domestic and international practices. Primary emphasis was placed on the study of relevant literature, including works of prominent economists such as Stiglitz, Dye, England, Fischel, Oates, and Jaeger, to frame the conceptual and economic significance of land taxation. Empirical data were drawn from official statistical sources, particularly the State Tax Committee, to assess trends in land tax revenue from 2020 to 2024 and to evaluate its contribution to local budgets. Analytical tools such as synthesis, generalization, and critical evaluation were applied to identify systemic problems, including the lack of a unified database, deficiencies in legal status clarity, inefficiencies in collection mechanisms, and low tax culture among the population. Observational insights from existing administrative practices were integrated to highlight the gaps in the current framework. Comparative analysis was also conducted to draw lessons from the experience of developed countries, particularly in terms of cadastral management, progressive taxation, and digitalization of tax services. This methodological framework allowed for the formulation of evidence-based recommendations aimed at improving the efficiency, transparency, and fairness of land tax administration. By combining statistical analysis with qualitative assessment and policy review, the study ensured a balanced perspective that supports practical reform strategies while maintaining alignment with broader socio-economic objectives [11].

Analysis and results

During the period of liberalization of the economy of the Republic of Uzbekistan, improving the local tax system and strengthening the revenue base of local budgets has become one of the urgent tasks. In particular, the constant, uniform and full collection of land tax from individuals is an important factor in increasing the revenues of budgets at the local level. This process directly affects the financial stability of local authorities and the increase in budget funds [12].

The main task of the land tax is to provide local budgets with financial resources. Also, the land tax:

- Encourages rational use of land;
- Serves to increase soil fertility;
- Helps balance socio-economic conditions on lands of different quality;
- Ensures the development of infrastructure in populated areas;
- Prevents the plundering of land resources.

The land tax system considers the activities of state owners in two ways:

Unilateral use: Tax is levied on land owned by owners, but unused or underused, on a legal basis. This is intended to force owners to use their land effectively.

Secondary use: The rational use of land resources is encouraged by taxing land intended for active economic management by the state. This approach encourages landowners to use their land effectively and rationally, and also serves to further improve property rights [13].

Correct and effective collection of land tax is an important factor in increasing local budget revenues and liberalizing the economy. Land tax is of great importance not only as a source of financial resources, but also as a means of encouraging the rational use of land. Therefore, it is possible to ensure the stability of local budgets by improving land tax policy, effectively organizing tax mechanisms, and clearly defining the rights and obligations of owners.

The function of this tax, from a financial point of view, is to perform fiscal functions, from a fiscal point of view, to promote and control, and from a fiscal point of view, to form local budget revenues [14].

The need to form local budget revenues and ensure the stability of revenues requires the use of land taxes in the socio-economic support and strengthening of local territories.

Based on the objective necessity of the land tax, we would not be mistaken if we say that its economic essence, in our opinion, is aimed at collecting a certain average income from the use of the land plot subject to the tax under certain economic conditions.

In order to stratify tax amounts by land quality and natural climatic zones, tax rates for irrigated lands are set by administrative districts, divided into 10 levels according to soil quality scores. Soil quality is a conditional indicator of comparative natural productivity at the current level of agriculture. When determining the quality, the genetic origin of soils, the duration of irrigation, crop cultivation, provision with agroclimatic resources, mechanical composition, genesis of soil fertility, water permeability of the soil layer, salinity, erosion, stoniness, density and other natural properties of the soil are taken into account. Soil quality is determined according to a 100-point system [15].

Arable lands and pastures are divided into zones or vertical zones, where different levels of precipitation are formed, which determines their fertility.

In order to differentiate tax rates based on the location of land plots in rural areas, increasing coefficients from 1.1 to 1.3 have been established for rates around administrative and industrial centers.

When studying the land tax levied on individuals by local area, it is necessary to analyze its place and weight in the local budget revenues of this area.

The following data on land tax levied on individuals as part of the state budget revenues of the Republic of Uzbekistan were studied (Table 1).

Table 1. The share of land tax in the state budget in Uzbekistan¹, in billion soums

Indicators	2020	2021	2022	2023	2024
Total taxable income	103561,7	127970,4	148388,3	165917,9	197642,8
Land tax to the local budget	2389,7	4060,5	5328,8	6890,1	7171,1
In particular, land tax levied on individuals	1079,9	1524,2	1883,9	2872,0	2895,6

The table shows that the growth of total tax revenues from 2020 to 2024 has been steadily increasing. From 103,561.7 billion soums in 2020, it reached 197,642.8 billion

¹Prepared based on information from the Tax Committee of the Republic of Uzbekistan.

soums by 2024. This represents an increase of approximately 90.8%. This growth indicates improved economic activity and increased efficiency in tax collection.

Land tax collected from individuals has also increased significantly: from 1,079.9 billion soums in 2020, it reached 2,895.6 billion soums in 2024. This is an increase of approximately 2.7 times. This means that individuals are being more actively involved in taxation of land property.

Land tax, especially the part collected from individuals, has increased significantly in 2022-2023. Land tax collected from individuals in 2023 amounted to 2872 billion soums, an increase of almost 52% compared to 2022. This may be due to the improvement of tax administration, digitalization, increased control, and the effectiveness of taxation mechanisms.

Over the past 5 years, land tax indicators have been steadily growing, and land tax collected from individuals in particular has increased significantly. Effective management of land tax and expansion of the tax base will remain a priority in the coming years.

Based on the analysis of the essence, goals and objectives of land tax at the current stage of modernization of the tax system of the Republic of Uzbekistan, as well as their impact on the activities of tax collectors, their contribution to budget revenues, and the study of existing problems in this regard, the following conclusions were drawn:

- In the course of the reforms being implemented within the framework of the adoption of the Concept of Improving Tax Policy, direct taxes Despite the sharp reduction in rates, land tax rates are increasing year by year, which indicates that it is the most important source of local budget revenues;
- the fact that measures to influence private owners of vacant land in the taxation process have been strengthened indicates how important land is;
- Land tax does not depend on the results of the economic activity of its owners;
- Land tax is a stable, reliable and relatively easy-to-understand means of taxation as a source of state revenues;
- The use of the experience of developed countries in taxing land resources in our country can also lead to effective results in eliminating existing problems;
- It is necessary to ensure a stable share of land tax revenues in the total volume of local budget revenues at a time when local budgets are beginning to implement their own expenditures from their own funds.

The lack of a single database for calculating benefits for individuals creates the following problems in calculating this tax to the budget:

- The lack of a strict calculation of citizens who have benefits from the land tax, as well as the incomplete fulfillment of forecast indicators;
- The fact that the same person who has a privilege in the form of land tax exemption is using the privilege in relation to objects located in several districts.

Conclusion

In general, the problems of calculating and paying land tax by individuals include the following:

- The lack of improvement of the norms for taxing land resources since independence;
- The lack of appropriate penalties for those who use land in violation of the procedures established by law;
- the lack of improvement in the system of information exchange with organizations that submit documents confirming the tax privileges of citizens to the state tax service;

- the lack of improvement in the mechanism for determining land tax rates for many years, etc.

Taking into account the main directions of eliminating or improving the problems and shortcomings of the land tax in our republic, the achievements and shortcomings of foreign countries with high experience in the tax system, and based on the above conclusions, we would like to make the following proposals:

- Tax authorities should, in accordance with the procedure established by law, provide local tax authorities and tax collectors with the following information: To eliminate shortcomings in the activities of organizations that directly submit documents based on comparative advantages by creating a single centralized database in cooperation with them, and to ensure the accuracy of information submitted to tax authorities;

- To introduce a separate procedure for paying land tax on land used in household economy in order to impose a fair tax on land plots and increase the share of this tax in the local budget;

- When paying land tax for entities that own land in two districts, it is necessary to organize the payment of the tax to the budget of the district where the land is registered, the submission of reports to the tax office of that district, and the receipt of information in the appropriate manner in the second district. This, in turn, will prevent one organization from being inspected by two tax offices and an increase in the number of inspections;

- In order to promote the economical use of land resources by individuals, in cases where the land plots allocated to them have not been used or have been used for other purposes, and construction work has not been completed for a period of 2 years or more, starting from the 3rd year, the tax amount shall be reduced by a coefficient of 2, in the 4th year by a coefficient of 3, and so on. introduce a progressive procedure;

- Introduce a system of land tax based on normative and actual value, based on the experience of developed countries;

- Introduce a single real estate tax instead of property and land taxes for individuals;

- It is appropriate to introduce appropriate penalties for those who use land in violation of the procedures established by law.

To eliminate existing problems in the field of land tax for individuals, it is necessary to improve the regulatory framework, create an effective information exchange system, optimize tax rates and strengthen penalty mechanisms. It is also important to modernize the tax system based on the experience of developed countries and encourage the rational use of land resources. These measures will be an important factor in expanding the revenue base of local budgets and ensuring economic stability.

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