
Main Areas Improvement Of Activities And Tax Regimes Of Free Economic Zones Of Uzbekistan

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Abstract: The article examines such problems as the theoretical aspects of the emergence of free economic zones and their role in the economy of the state, the formation of free economic zones, the features of the emergence and development of tax regimes, free economic zones as a category in the economy and their need for the development of the country. The article provides an analysis of domestic, their development of free economic zones and the existing tax regime, an analysis of the legal framework for the creation and functioning of free economic zones, as well as an analysis of the economic indicators of enterprises - participants in free economic zones and the tax incentives they use.

Key words: free economic zones, foreign investors, tax regimes, taxes, tax payments, customs payments, tax incentives.

1. INTRODUCTION

In the context of modernization and globalization of the economy, free economic zones (FEZ) have become firmly established in world economic practice and act in various countries as a factor in accelerated economic growth by intensifying international trade, mobilizing investment, and deepening integration economic processes.

As the head of state Sh.Mirziyoyev emphasized, "the consistent increase in investment, the commissioning of modern production facilities are a decisive factor in the development of the country's economy, the creation of new jobs, the implementation of important social programs, the most important thing is to further improve the level and quality of life of the population." In addition, at the initiative of President Sh. Mirziyoyev, the State Program was adopted for the implementation of the Action Strategy in five priority areas of development of the Republic of Uzbekistan in 2017-2021, which will raise the country's economy to a new level. In the third priority direction of this strategy, concerning the development and liberalization of the economy, in particular, there is a further strengthening of macroeconomic stability and the maintenance of high rates of economic growth, an increase in its

competitiveness, further strengthening of the protection of rights and the priority role of private property, stimulation of the development of small business and private entrepreneurship, comprehensive and balanced socio-economic development of regions, districts and cities, active attraction of foreign investment in the economy and regions of the country by improving the investment climate.

In order to create the most favorable conditions for the further development of free economic zones in the republic as an important factor in expanding the attraction of foreign direct investment for the creation of new high-tech industries, more active involvement of the republic's regions in the development of the production of modern competitive export-oriented finished industrial products, ensuring the accelerated development of industrial, engineering and communication, road transport, social infrastructure and logistics services, the Decree of the President of the Republic of Uzbekistan dated October 26, 2016 No. UP-4853 "On additional measures to activate and expand the activities of free economic zones" was adopted. According to the adopted Decree, during the period of operation, special tax, customs and currency regimes operate in the territories of the FEZ:

- exemption from customs payments (except for customs clearance fees) for equipment, raw materials, materials and components imported for their own production needs;
- exemption from customs payments (except for customs clearance fees) for building materials not produced in the republic and imported as part of the implementation of projects, according to lists approved by the Cabinet of Ministers of the Republic of Uzbekistan;
- FEZ participants are exempted for the entire period of activity of free economic zones from paying customs duties (except for customs clearance fees) for imported raw materials, materials and components in terms of products sent for export;
- FEZ participants have the right to make settlements and payments in foreign currency within free economic zones in accordance with the agreements and contracts concluded between them;
- FEZ participants have the right to pay in foreign currency for the supply of goods, works (services) from other economic entities-residents of the Republic of Uzbekistan, as well as use convenient conditions and forms of payment and payments for exported and imported goods.
- Over the years of independence, ensuring the territorial balance of the national economy and reducing regional imbalances have become priority areas of state policy in Uzbekistan.

- In recent years, the role of regions in the country's structural transformations has grown significantly. A number of measures were taken to improve the economic potential and competitiveness of the regions.

As a result of the implementation of targeted regional programs, outstripping growth rates of GRP were provided in Tashkent (4.3 times compared to 2000), in the Republic of Karakalpakstan (3.5 times), in Jizzakh (3.9 times), Samarkand (3.8 times), Namangan (3.5 times), Andijan (3.3 times), Surkhandarya (3.3 times) regions. At the same time, during the period under review, the average annual growth rate of GRP in Tashkent was 109.6%, the Republic of Karakalpakstan - 108.2%, Jizzakh region - 109.0%, Samarkand region - 108.7%, Namangan region - 108.1 %, Andijan region - 107.9%, Surkhandarya region -107.8%.

Low average annual GRP growth rates compared to the average republican level (107.3%) for 2001-2016 were observed in Navoi (104.5%), Fergana (105.8%) and Tashkent (106.5%) regions.

Constant monitoring of enterprises' activities in order to identify gaps in legislation and take the necessary measures to improve the investment climate is important for improving the efficiency of free economic zones. However, while efforts should be made to create as favorable legislation as possible to stimulate investment, perfect national legislation alone is not always sufficient to meet the needs of investors. According to world practice, investors are also very interested in how the law is applied in practice. In this regard, proper implementation in practice and enforcement of laws and their strict observance by the authorities are factors that should not be underestimated in investment policy.

An important point is the unification and simplification of the legislation on the FEZ. So, at the moment, the activities of the FEZ are regulated by a number of bylaws, separately on each issue - the customs regime, tax regime, currency regime, registration and selection of investors, organization of the FEZ, etc. Consolidation of the provisions of all relevant by-laws governing the general conditions of activity in FEZs into one Law, for example, by finalizing the Law "On Free Economic Zones", will facilitate understanding of the conditions for the creation and functioning of FEZs. In the normative acts concerning the creation of specific FEZs, in this case, it will be possible to indicate only differences in the conditions of activity in a particular territory.

“The analysis and generalization of the existing points of view on the concept of the free economic zone showed that in most definitions the essence of the free economic zone is reduced to a special preferential regime established in any territory. However, in many theoretical papers analyzing the world experience of organizing free economic zones, the latter, as a rule, are defined as an instrument for selectively reducing the scale of state intervention in economic processes. With this approach, this concept covers a wide range of different institutional phenomena, united by the action of the preferential mode of management ”.

Another direction in the field of improving the legislation on FEZs is the adoption of measures to inform foreign investors about the current conditions and opportunities for investing in FEZs, the provisions of national legislation. In particular, I recommend to carry out an official translation into English (and / or other languages of the main investing countries) of the package of normative legal acts regulating the activities of foreign investors and enterprises with foreign investments, the conditions of activity in the FEZ and other aspects concerning foreign investors - customs regulation , taxation, labor regulation, financial regulation, dispute resolution, etc. This package of documents should be periodically updated and published on the Internet. It is also necessary to intensify the activities of the embassies and other missions of Uzbekistan abroad to provide potential foreign investors with up-to-date information about the business environment in Uzbekistan.

It is also relevant to introduce a mechanism for resolving complaints from foreign investors with the help of the Commissioner for the Rights of Foreign Investors (Investment Ombudsman), either as an independent body or under the auspices of Uzinfoinvest. This mechanism will not only help foreign investors experiencing some problems in adapting to local conditions, but will also help to increase the efficiency of interaction between foreign investors and the relevant government agencies. The Investment Ombudsman could pay more attention to identifying domestic difficulties faced by foreigners and submitting appropriate proposals to the government, which would increase the effectiveness of efforts to improve the business environment in Uzbekistan in general and FEZs in particular.

World experience shows that the formation of the budget and tax policy, the entire economic activity of the zone as an autonomous self-supporting unit should be based on its own budget, which is formed in terms of income from tax revenues from enterprises, organizations and individuals located or living on its territory, in part - from customs duties, as well as from the zone administration's own business activities, if any. State budget funds necessary for the

development of the infrastructure of free economic zones and for other purposes can be provided to it, as a rule, on the basis of a long-term loan, and not free of charge. All financial relations of enterprises located on the territory of a free economic zone with the state budget are mediated by the administration and its own budget of the zone, which is an important factor in its economic activity and a condition for effective management of economic activities carried out on its territory.

1. The taxation procedure for the free economic zone and the level of tax rates and payments to the state budget can be determined in each specific case based on its specialization and other factors of material and technical support. Within the framework of the free economic zone, of course, there should be sectoral priorities for foreign investment, carried out through tax rates differentiated by areas of economic activity.

2. At the same time, the conditions for investing capital should not only be more profitable than in a capital-exporting country, but also, as far as possible, more favorable than in neighboring countries and zones that can compete as recipients of foreign investment.

3. On the basis of theoretical and practical research, a number of conclusions can be drawn regarding the improvement of the activities of existing SEZs and the relevance of creating new ones:

4. The specialization of the FEZ in certain types of production is of great importance for creating a favorable environment and effective activity of the FEZ. The difference between successful SEZs and unsuccessful examples lies in the degree of liberalization of activities, the efficiency of taxation. In other words, FEZ should be a specially designated area outside the scope of the standard legislation of Uzbekistan, with more attractive conditions. To reduce business costs in the FEZ, the management system, financial system and corporate structure must be organized in accordance with international standards. Improving living conditions contributes to the resettlement of foreign investors, and their organization of activities on the territory of the FEZ.

5. Only an independent FEZ management system that has broad powers and influence in government bodies at the local, regional and national levels, and is responsible for the development of the FEZ, is able to ensure its effective functioning. The limited ability of the FEZ management to solve the problems of investors and resident enterprises, create additional conditions for attracting investments and develop territories traditionally leads to the impossibility of fulfilling the set goals of creating a FEZ.

6. The central government should serve as a driver for the economic development of the FEZ, determining the general industrial and economic policy of the country and the place of the FEZ in its implementation. Although one of the conditions for the success of the SEZ is the independence of the leadership, but this does not mean independence from the central government. The central government determines the general plan for the development of the FEZ, sets goals for them and directly controls the activities of the FEZ through the Administrative Council.

7. In most countries, FEZs are used as testing grounds for the development of mechanisms and instruments of economic policy, which are then extended to the rest of the country. In addition, FEZs are used to facilitate the access of foreign companies to the Uzbek market and through it to the markets of neighboring countries. As a result, the export orientation of the country's economy is stimulated, there is an active transfer of technologies and experience of companies in the international market, the competitiveness of the economy and the living conditions of the population increase.

8. Informing potential investors, conducting extensive advertising work on the activities of the FEZ of Uzbekistan. To attract foreign investment in the FEZ, it is necessary to pay more attention to such issues as the development of a network of information and consulting support for investors, marketing of investment programs and projects of interest to Uzbekistan, the development of a network of investment bureaus in foreign countries that provide services to potential investors to enter the Uzbek market. , the formation of a databank on investment projects and the preparation of reference materials on the conditions for investment, the release of special information publications that form a positive image of Uzbekistan as a country interested in foreign investment;

9. One of the main conditions for the successful creation and functioning of the SEZ is the availability of both the appropriate production and non-production infrastructure (various trade enterprises, consumer services, pharmacies, etc.). Infrastructure is what potential investors pay attention to in the first place. So in South Korea, one of the main provisions of the Law "On the creation and functioning of free economic zones" No. 6835 of December 30, 2002 is the creation of comfortable living conditions for foreign citizens. This provides for the creation on the territory of the FEZ of institutions with an international level of medical and educational services, comfortable living conditions. In addition, the creation of institutions with an international level of service and the provision of educational services

(including higher education) will improve the qualifications of local personnel, improve the quality of education in the regions;

Taking into account these and other factors of the success of free economic zones, regular monitoring of the positive experience of the functioning of the FEZ and, accordingly, the constant improvement of legislation, the system of management and organization of the activities of the FEZ, the policy of attracting investors and assisting them in the placement of production on the territory of the FEZ, will improve the efficiency of the existing FEZ, to accumulate the necessary experience for a more rational approach to the creation of new territories with special conditions for the activities of enterprises.

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