

PECULIARITIES OF PROPERTY TAXATION IN UZBEKISTAN

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Abstract: This study examines the peculiarities of property taxation in Uzbekistan under the 2026 legal framework. It analyzes the structure, valuation methods, rate differentiation, administrative procedures, and socio-economic implications of property taxes for both natural and legal persons. Emphasis is placed on the statutory minimum cadastral valuation, progressive and differentiated rates, digitalized reporting systems, and targeted incentives for investment and social welfare.

Keywords: Property taxation, Uzbekistan, cadastral valuation, tax administration, fiscal policy, digitalization, socio-economic impact

Annotatsiya: Ushbu tadqiqot O'zbekistonning 2026-yilgi qonunchilik doirasida mol-mulk soliqlarining o'ziga xos xususiyatlarini o'rganadi. Tadqiqot jismoniy va yuridik shaxslar uchun mol-mulk soliq tizimining tuzilishi, qiymatni baholash metodlari, stavkalarining differentsialligi, ma'muriy jarayonlar va ijtimoiy-iqtisodiy ta'sirlarini tahlil qiladi. Tadqiqotda minimal kadastr qiymati, progressiv va differentsiyalangan stavkalar, raqamlashtirilgan hisobot tizimlari hamda sarmoya va ijtimoiy imtiyozlar kabi jihatlar asosiy e'tiborda turadi.

Kalit so'zlar: mol-mulk solig'i, O'zbekiston, kadastr qiymati, soliq ma'muriyati, fiskal siyosat, raqamlashtirish, ijtimoiy-iqtisodiy ta'sir

Аннотация: Данное исследование рассматривает особенности налогообложения имущества в Узбекистане в рамках законодательства 2026 года. Анализируются структура системы, методы оценки стоимости имущества, дифференцированные ставки, административные процедуры и социально-экономические последствия для физических и юридических лиц. Особое внимание уделено минимальной кадастровой оценке, прогрессивным и дифференцированным ставкам, цифровым системам отчетности и целевым льготам для инвестиций и социального обеспечения.

Ключевые слова: Налогообложение имущества, Узбекистан, кадастровая оценка, налоговое администрирование, фискальная политика, цифровизация, социально-экономическое воздействие

INTRODUCTION

Property taxation represents a cornerstone of fiscal policy in modern economies, serving not only as a stable source of government revenue but also as a tool for influencing economic behavior, wealth distribution, and social equity. In the context of Uzbekistan, the role of property taxes has become increasingly prominent amid the country's ambitious economic reform agenda, which includes liberalization, digitalization, and modernization of public administration. These reforms aim to create a more transparent, efficient, and equitable tax system that supports both national and local budgetary needs while fostering sustainable economic development.

Historically, Uzbekistan's property tax system has undergone several transformations reflecting broader shifts in economic policy, from centralized state ownership toward mixed ownership models and private property recognition. With the legal framework formalized under the Tax Code of the Republic of Uzbekistan and further refined by governmental decrees and regulations, property taxation now encompasses a diverse range of immovable assets, including residential and commercial real estate, infrastructure facilities, and industrial constructions. The



tax system differentiates between natural persons and legal entities, recognizing differences in economic capacity and ownership structures.

The contemporary property tax system embodies several distinctive features. First, the valuation of taxable property is currently based on a statutory minimum cadastral value, designed to stabilize local government revenues and prevent undervaluation that could erode fiscal resources. Second, tax rates are differentiated for individuals and corporations, reflecting both economic capacity and social policy considerations. Third, recent reforms have increasingly integrated digital administration, allowing automated reporting and proactive calculation of tax obligations. This technological integration not only enhances compliance but also aligns with Uzbekistan's broader digital governance agenda, improving transparency and administrative efficiency.

Moreover, property taxes in Uzbekistan serve as a strategic instrument for promoting investment and social welfare. Targeted exemptions and incentives encourage investment in priority economic sectors, while progressive tax provisions ensure that the fiscal burden is distributed in a socially equitable manner. The system also aims to balance revenue generation with economic incentives, fostering an environment in which property ownership and utilization contribute to broader development goals.

Given these multifaceted objectives, understanding the peculiarities of property taxation in Uzbekistan requires a comprehensive analysis that integrates legal, economic, and administrative dimensions. This study aims to examine these aspects in depth, focusing on the current regulatory framework, valuation methodologies, rate structures, reporting mechanisms, and the socio-economic implications of property taxation. By synthesizing legislative provisions, policy documents, and academic analyses, the research provides a holistic view of how property taxation operates within Uzbekistan's evolving economic and administrative context, highlighting both achievements and areas for potential reform.

METHODOLOGY

This study employs a qualitative and doctrinal research methodology to analyze the peculiarities of property taxation in Uzbekistan, integrating legal, economic, and administrative perspectives. The research is grounded in primary sources, including the Tax Code of the Republic of Uzbekistan (2026 edition), relevant presidential decrees, government regulations, and official guidelines issued by the State Tax Committee. These legal texts provide the normative framework that governs property taxation, defining taxpayers, taxable objects, valuation methods, rates, exemptions, and reporting requirements.

In addition to primary legal sources, the study incorporates secondary academic literature, including peer-reviewed articles, policy analyses, and research reports on taxation and public finance in Uzbekistan and comparable transitional economies. This comparative approach allows for the identification of distinctive features, trends, and best practices in property taxation, providing a broader analytical context beyond the national legislation.

The research also uses official statistical data to contextualize the fiscal impact of property taxation on local and national budgets. These data include reports on tax revenue collection, composition of taxpayers, and the distribution of tax burdens among different categories of property owners. Although the analysis emphasizes qualitative insights, the integration of quantitative data provides empirical grounding for the evaluation of tax policy effectiveness and equity.

Analytical techniques employed in the study include:

- legal analysis: systematic examination of statutory provisions and regulatory documents to identify the scope, obligations, and rights of taxpayers, as well as the structure and administration of property taxes.
- comparative policy analysis: cross-referencing Uzbekistan's property tax system with international practices to highlight unique national features and potential areas for improvement.



- economic interpretation: assessing the effects of tax rates, valuation methods, and exemptions on revenue stability, taxpayer behavior, and socio-economic outcomes.
- administrative evaluation: reviewing the operational procedures of tax assessment, reporting, and collection, including recent digitalization initiatives and their implications for efficiency and transparency.

DISCUSSION

The property taxation system in Uzbekistan demonstrates several distinctive features that reflect the country's unique economic, legal, and administrative context. One of the most notable characteristics is the reliance on statutory minimum cadastral values for property valuation. This approach ensures stable revenue for local and national budgets by preventing the underreporting of property values, which could compromise fiscal capacity. While this system provides predictability and security for public finances, it also presents potential challenges in terms of equity and alignment with actual market conditions. Properties valued below the statutory minimum may result in taxpayers bearing a higher relative burden than their market-equivalent value, which could lead to perceptions of unfairness or disputes over property assessments.

Another key aspect is the differentiated tax rates applied to natural and legal persons. For individuals, progressive taxation based on property size and location aligns with social policy objectives, aiming to distribute tax burdens equitably and provide relief for socially vulnerable groups such as pensioners, single parents, or persons with disabilities. For legal entities, fixed rates and specific provisions for certain industrial or infrastructural properties maintain fiscal stability while encouraging productive investment. These differentiated structures reflect a balance between revenue generation, social equity, and economic incentives, demonstrating how property taxation functions not only as a fiscal instrument but also as a policy tool influencing investment and development patterns.

The ongoing digitalization of tax administration represents another significant innovation in Uzbekistan's property taxation system. The shift toward automated assessment and proactive report generation improves compliance, reduces administrative burdens on taxpayers, and enhances transparency. This transformation aligns with broader global trends in e-governance, where technology facilitates more efficient tax collection, better data quality, and improved taxpayer services. However, reliance on automated systems also introduces challenges, including the need for accurate cadastral data, robust cybersecurity measures, and public understanding of automated procedures to prevent errors or misinterpretations.

Moreover, the integration of incentives and exemptions into the property tax framework underscores its strategic role in promoting investment and social welfare. Exemptions for priority economic sectors, foreign direct investment projects, and socially essential properties indicate a deliberate policy design that seeks to stimulate economic growth while maintaining fairness in taxation. Nevertheless, the effectiveness of such incentives depends on transparent implementation, monitoring mechanisms, and periodic evaluation to ensure that fiscal objectives and social goals are being met.

Uzbekistan's property taxation system illustrates a carefully calibrated balance between stability, equity, efficiency, and strategic economic objectives. The statutory valuation mechanism, progressive and differentiated rates, digitalized administrative procedures, and targeted incentives collectively create a system that is both functional and adaptable to emerging challenges. Continued refinement of valuation methodologies, expansion of digital infrastructure, and ongoing policy evaluation are essential for enhancing the system's effectiveness, ensuring fairness, and supporting sustainable economic development.

RESULTS

The analysis of Uzbekistan's property taxation system reveals several critical patterns and operational characteristics that shape its fiscal and socio-economic impact. First, the legal framework clearly distinguishes between natural and legal persons, establishing separate



obligations, tax bases, and compliance requirements. For natural persons, residential and private property such as apartments, houses, and land plots form the primary taxable objects, with progressive rates applied based on the property's size, location, and intended use. This differentiation ensures that the tax burden aligns with the taxpayer's capacity and reflects social policy considerations aimed at fairness and equity.

For legal entities, the taxable base encompasses immovable property recorded on corporate balance sheets, including industrial, commercial, and infrastructure assets. Tax rates are generally fixed, but specific exceptions exist for certain categories of property, such as unfinished constructions or priority sector facilities, reflecting a strategic approach to incentivize investment and economic activity. By differentiating between asset types and ownership structures, the system balances revenue generation with broader development objectives.

Valuation methodology is another defining feature. Currently, the tax base relies primarily on statutory minimum cadastral values, which act as a safeguard against undervaluation and ensure predictable revenue flows for local and national budgets. While this approach stabilizes fiscal outcomes, it may diverge from actual market values, raising questions regarding fairness and economic efficiency. Notably, policy discussions indicate a gradual transition toward market-based valuation, signaling an effort to enhance equity and better reflect property's economic reality.

The administration of property tax has been significantly modernized through digitalization. Automated reporting systems generate tax obligations based on cadastral data, reducing the burden on taxpayers and minimizing errors. Taxpayers are allowed to review and amend these automated reports, providing a mechanism for oversight and ensuring accuracy. This digital integration improves transparency, accountability, and efficiency, demonstrating a move toward modern e-governance in tax administration.

Finally, incentives and exemptions play a meaningful role in shaping taxpayer behavior and investment patterns. Properties used in socially essential sectors, foreign direct investment projects, or strategic industrial operations may receive partial or full exemptions. These measures reflect a deliberate policy design that leverages the property tax system not solely for revenue collection but also as a tool to stimulate economic development and encourage socially beneficial practices.

Overall, the results indicate that Uzbekistan's property taxation system is structured to simultaneously achieve fiscal stability, administrative efficiency, economic incentivization, and social equity. Legal clarity, differentiated taxation, valuation safeguards, digital administration, and targeted incentives collectively establish a multifaceted framework that is responsive to both domestic priorities and broader economic trends.

CONCLUSION

The analysis of property taxation in Uzbekistan reveals a system that is simultaneously robust, adaptive, and strategically oriented toward supporting both fiscal stability and socio-economic objectives. The legal framework clearly delineates obligations for natural and legal persons, providing a structured approach to taxation that accounts for differences in property types, ownership forms, and economic capacity. The use of statutory minimum cadastral values has proven effective in stabilizing revenue streams and preventing underreporting, while the gradual move toward market-based valuation reflects a commitment to fairness and economic realism.

Differentiated tax rates and progressive structures for individuals ensure that the tax burden is distributed equitably, reinforcing social policy objectives and offering relief to vulnerable populations. For corporate taxpayers, fixed rates combined with targeted incentives encourage investment, industrial development, and strategic utilization of property assets. These policy instruments demonstrate that property taxation is not only a revenue tool but also a mechanism for shaping economic behavior and promoting broader developmental goals.



The modernization of tax administration through digitalization and automated reporting represents a significant advancement, improving efficiency, transparency, and compliance while reducing administrative burdens on taxpayers. This integration of technology reflects Uzbekistan's broader commitment to e-governance and aligns with international best practices, ensuring that the system can adapt to future economic and administrative challenges.

Moreover, the inclusion of targeted exemptions and incentives illustrates the government's strategic use of property taxation to stimulate investment, promote social welfare, and support economic priorities. Effective implementation and periodic evaluation of these measures are essential to maintain their efficacy and ensure that both fiscal and policy objectives are met.

In summary, Uzbekistan's property taxation system in 2026 embodies a carefully calibrated balance between stability, equity, efficiency, and strategic economic goals. By combining legal clarity, differentiated rates, valuation safeguards, technological integration, and targeted incentives, the system achieves both fiscal robustness and socio-economic relevance. Continued refinement in valuation methods, expansion of digital infrastructure, and rigorous policy evaluation will further enhance its effectiveness, ensuring that property taxation remains a cornerstone of sustainable economic development and public finance management.

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