

ISSUES OF APPLICATION OF TAX MECHANISMS IN THE USE OF WATER RESOURCES IN THE REPUBLIC OF UZBEKISTAN

Sodiq Boymuratov

Associate Professor of the Department of Taxation and Taxation

Tashkent State University of Economics

Abstract

In a market economy, the socio-economic development of any state, along with other factors, largely depends on the existing reserves of natural resources and the efficiency of their use. Therefore, in the economic policy pursued in Uzbekistan, great attention is paid to the effective use of the country's natural resources, in particular water resources. Since water resources are limited and most of them are not renewable, it is possible to achieve the opportunity to meet the unlimited needs of society through the effective and rational use of existing natural resources.

Introduction

Water is considered the source of life for all living things on our planet, its conservation and rational use has long been one of the pressing problems of humanity, and water resources remain a decisive factor in our sustainable development.

Literature Review

The possibilities of rational use of water resources, determined by the potential of water resources of the territory, the characteristics and functional structure of users, and the existing problems in it were studied by famous Russian economists Avakyan A.B., Balatsky O.F., Belichenko Yu.P., Gareyev A.M., Shiklomanov I.A.

It was studied in the scientific research of our country's economists A.A. Abduganiyev, A.S. Sultanov, Z.Ya. Khudoyberganov, S.A. Kuchkarova I.L. Abdurakhimov, G.Safarov, D.Kurbanov.

Research Methodology

This article used comparative analysis and induction and deduction assessment methods. Using the comparative method, data on the volume of water consumed in our country, tax revenues collected from it, and their efficiency rating were analyzed and scientific conclusions were drawn.

Analysis results. Water is one of the main natural resources for human life, and fresh water is a very valuable and relatively rare resource. According to calculations, the share of fresh water in the total volume of world water resources does not exceed 0.35 percent. In turn, although high-quality, safe drinking water is significantly less, its consumption is growing rapidly, and fresh water is becoming an increasingly scarce resource.

The United Nations General Assembly adopted Resolution 71/2226 on December 6, 2016, proclaiming the International Decade of Action on Water for Sustainable Development for



2018-2028. In Uzbekistan, the “Concept of Water Development of the Republic of Uzbekistan for 2020-2030” was adopted in order to ensure sustainable water supply for the population and all sectors of the economy, improve the reclamation of irrigated lands, widely introduce market principles and mechanisms and digital technologies in water management, ensure reliable operation of water management facilities, and increase the efficiency of land and water resources use.¹ was adopted, in which the following indicators were set as priority areas to be achieved by 2030:

Increasing the efficiency of irrigation systems from 0.63 to 0.73 (10 percent);

Reducing the area of irrigated land with low water supply from 560 thousand hectares to 190 thousand (370 thousand) hectares;

Reducing the area of saline irrigated land by 226 thousand hectares;

Reducing the annual electricity consumption of pumping stations in the ministry system by 25 percent;

Installing "Smart Water" water metering and control devices in all irrigation system facilities and introducing digital technologies in water accounting;

Automating water management processes in 100 large water management facilities;

to increase the total area of land covered by water-saving technologies for irrigation of agricultural crops to 2 million hectares, including drip irrigation technology to 600 thousand hectares;

it is planned to implement 50 projects in water management based on the principles of public-private partnership.

In the infographic on the work carried out in 2023 under the “Uzbekistan - 2030” strategy on “Water Resources Conservation and Environmental Protection” in 2023, construction and reconstruction works were carried out at 189 facilities in 2023, and a total area of 406.1 thousand hectares was covered, of which drip irrigation was implemented on 77.2 thousand hectares, sprinkler irrigation on 18.4 thousand hectares, discrete irrigation on 12.9 thousand hectares, and other types of technologies were introduced on 74.7 thousand hectares. 222.7 thousand hectares of water-saving arable land were leveled using laser equipment, bringing the total area of areas where water-saving technologies were introduced to 1.2 million hectares.²

However, despite the strict measures taken to ensure the economical and efficient use of water resources, the problem of unnecessary water waste, in particular, illegal use by agricultural enterprises, remains relevant. Therefore, one of the main conditions for the rational use of water is payment for water use, which will encourage water protection and recycling, as well as rational use of water resources.

Until 1998, enterprises using water in Uzbekistan paid a “water fee”, but in order to establish the efficient and economical use of water resources, in accordance with the Law of the Republic

¹ Ўзбекистон Республикаси Президентининг 2020 йил 10 июлдаги “Ўзбекистон Республикаси сув хўжалигини ривожлантиришнинг 2020 — 2030 йилларга мўлжалланган концепциясини тасдиқлаш тўғрисида”ги ПФ-6024 сон фармони

² https://drive.google.com/file/d/1Rq8Vxj_rwoCuaNRkNYIYr-WJPC2wV09I/view



of Uzbekistan “On Water and Water Use”, a tax on the use of water resources was introduced in 1998.

It is worth noting that from 1998 to 2019 (more than twenty years), only large industrial producers and some service providers were payers of the tax for the use of water resources. Only in the “Concept for Improving the Tax Policy of the Republic of Uzbekistan” (2018) was it introduced the payment of this tax for all business entities (small businesses and private entrepreneurs), as well as for producers of agricultural products.

Currently, all business entities that use and consume water in Uzbekistan, including individual entrepreneurs and peasant farms, are payers of the tax for the use of water resources.³ It is recognized that.

The table below shows the dynamics of changes in the number of taxpayers for the use of water resources in 2018-2024.

Table 1

Indicators	Years						
	2018	2019	1920	2021	2022	2023	2024
Total taxpayers	377,4	412,5	448,8	489,4	541,5	542,5	671, 7
Growth dynamics compared to 2018 (%)	100	109,3	118,9	129,7	143,5	143,8	178,0
Therefore, taxpayers for the use of water resources	3,443	56,0	125,6	132,6	139,2	147,0	153,5
Growth index compared to 2018 (%)	100	1627,0	3647,0	3850,9	4043,6	4267,7	4459,7
Therefore, the ratio of taxpayers for the use of water resources to total taxpayers	0,09	13,6	28,0	27,1	25,7	27,1	22,8

Dynamics of taxpayers for the use of water resources 4

From the data in the table, we see that while the total number of taxpayers in our republic increased by 78.0% in the period 2018-2024, the number of taxpayers for the use of water resources increased by almost four and a half thousand times during the same period, that is, while in 2018 there were 3,443 taxpayers for the use of water resources, in 2024 their number was 153,547, or by 2024, taxpayers for the use of water resources accounted for 22.8% of the total number of taxpayers.

The following can be observed when comparing the growth in the number of taxpayers for the use of water resources with the growth in tax revenues paid by them to the budget.

³ Article 384 of the Tax Code of the Republic of Uzbekistan

⁴ Prepared by the author based on information from the Tax Committee.



Table 2

Indicators	Years					
	2019	1920	2021	2022	2023	2024
State budget revenues	102627,0	132938,0	164799,4	201863,7	231721,3	270775,0
Increase in growth compared to 2019 (%)	100	130,5	160,6	196,7	225,8	263,8
Including resource taxes	19772,0	21257,0	23036,4	23912,8	28079,5	29664,2
Increase in growth compared to 2019 (%)	100	107,5	116,5	120,9	142,0	150,1
Tax for the use of water resources	314,5	478,8	684,4	704,1	791,4	1172,8
Increase in growth compared to 2020 (%)	100	152,2	217,6	223,8	251,	372,9
Ratio of tax for the use of water resources to state budget revenues	0,3	0,36	0,41	0,35	0,34	0,43

Share of water resource tax in budget revenues (in billion soums)⁵

From the data in this table, the share of revenues to the state budget increased by 63.8% in the period under analysis from 2019 to 2024, from 102,627.0 billion soums in 2019 to 270,775.0 billion soums in 2024.

Also, in the same period from 2019 to 2024, the share of revenues from resource taxes to the state budget increased by 50.1%, from 19,772.0 billion soums in 2019 to 29,664.2 billion soums in 2024.

In turn, in the same period, in 2019-2024, the share of tax revenues for the use of water resources to the state budget increased by 372.9 percent, i.e. from 314.5 billion soums to 1,172.8 billion soums in 2024.

From the above analysis, it can be concluded that while the number of taxpayers for the use of water resources increased by four and a half thousand times in 2018-2024, the share of revenues to the budget increased by 372.9 percent, which indicates the need to improve tax administration for this type of tax.

Conclusions and proposals

The results of this analysis indicate the feasibility of measures being taken to encourage the effective and rational, economical use of water resources in Uzbekistan.

In turn, the following should be done to ensure the implementation of the measures established by the Resolution of the President of the country dated August 15, 2025 “On approval of the Program for the Management of Water Resources and Development of the Irrigation Sector in the Republic of Uzbekistan for 2025-2028”.

1. In order to establish economical and efficient use of water resources, the main attention should be paid to the digitalization of the sector, and the main attention should be paid to: the introduction of a unified information system that collects and analyzes data from “online” control devices and “smart water” devices at pumping stations;

⁵ Prepared by the author based on information from the Tax Committee.



the establishment of a unified digitalization center of the Ministry of Water Resources and the establishment of a unified information system for water consumption and its accounting; the integration of the unified information center with the databases of information resource centers of the relevant ministries and departments.

2. In order to eliminate large losses in water supply through canals and internal ditches, accelerate the construction of main canals and organize the implementation of all processes until the completion of concreting on the basis of "dual education" with educational organizations responsible for each canal, based on a scientific approach.

3. Install water meters and video surveillance devices at water distribution points and organize an automated system of how much water is distributed to whom.

4. Review the procedures for setting limits for water supply and strengthen financial responsibility measures for water resources consumed in excess of the established limit.

5. Expand the procedures for applying tax incentives to farms that use modern water-saving technologies for irrigation of agricultural land.

References

1. Law of the Republic of Uzbekistan "On Water and Water Use". Collection of laws and regulatory documents on deepening reforms in agriculture. Part 1. –T.: Sharq, 1998.

2. Tax Code of the Republic of Uzbekistan. –T.: "Adolat", 2020. p. 321-327. Collection of legislative acts of the Republic of Uzbekistan No. 1, 2020, p. 221.

3. Decree of the President of the Republic of Uzbekistan dated July 10, 2020 No. PF-6024 "On approval of the Concept of development of the water sector of the Republic of Uzbekistan for 2020-2030".

4. Resolution of the President of the Republic of Uzbekistan No. PQ-250 dated August 15, 2025 "On approval of the Program for the Management of Water Resources and the Development of the Irrigation Sector in the Republic of Uzbekistan for 2025-2028."

5. Авакян А. Б. Концепция использования водных объектов // Мелиорация и водное хозяйство, № 5, 1994, с. 13-15.

6. Casagrande, A. (1936). The Atterberg Limits of Soils and Their Correlation with Other Soil Properties. *Journal of the Boston Society of Civil Engineers*, 23, 67-91.

7. A. Ibragimov, D. I. Inomov, I. I. Idiyev, Sh. Sh. Mukhammadov, and S. S. Abduvohitov, "Assessment of the effect of adjusted river flow on crops," *BIO Web of Conferences*, vol. 103, p. 00012, Jan. 2024, doi: 10.1051/bioconf/202410300012.

8. Абдуғаниев А. Ўзбекистон Республикаси қишлоқ хўжалигида ер-сув ресурсларидан самарали фойдаланишнинг айрим масалалари. -Т.: ТИҚХМШИ, 2021.

9. Jumayev Sh. Tabiiy resurslarni soliqqa tortish amaliyotini takomillashtirish masalalari. "Yashil iqtisodiyotni rivojlantirishning tashkiliy-iqtisodiy mexanizmlarini takomillashtirish yo'llari" mavzusidagi xalqaro ilmiy-amaliy anjuman materiallari / "Ma'mun universiteti" NTM.- Xorazm: Khwarezm publication, 2025.

10. Jumayev Sh. Suv resurslarini soliqqa tortishni takomillashtirish masalalari. "Suv xo'jaligini barqaror rivojlantirishda innovatsion texnologiyalarning ahamiyati" mavzusidagi xalqaro ilmiy va ilmiy-texnikaviy anjuman maqolalar to'plami. 24-25 - mart 2025-yil. Buxoro, 2025.



-
11. Jumayev Sh. Respublikamizda tabiiy resurslarni soliqqa tortishni takomillashtirishga oid. "Buxgalteriya hisobini moliyaviy hisobotning xalqaro standartlariga jadal o'tkazishning nazariy, tashkiliy metodologik asoslari" xalqaro ilmiy-amaliy konferensiyasi materiallari. 2025-yil 13-mart. Samarqand, SamISI 2025.