

FOREIGN EXPERIENCE OF LAND USE TAX COLLECTION

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Abstract

In this article, taxation of land resources is an important component of the financial policy of economic development and formation of environmental stability. He studies the legal bases regulating the taxation of land resources in our country. By examining key legislation, regulations and policies, the abstract provides an overview of the legal framework governing the assessment and administration of land tax. In addition, he touches on the role of local authorities in land taxation, emphasizing their independence in adapting tax policies to regional needs. Mutual cooperation of central and local authorities in the distribution of land revenue is important in maintaining fiscal balance and ensuring fair distribution of resources.

Keywords: Resource tax, land use tax, tax, budget policy, budget, tax administration, tax potential, regulatory analysis, positive analysis, tax burden, representative tax rate, average rate, tax reporting, tax revenues, tax benefits.

Enter

In world practice, an important integral part of the tax system is the tax policy aimed at regulating and encouraging the efficient use of natural resources. Of course, in the economic policy of most countries of the world, priority is given to the purposeful and effective use of important strategic natural resources that determine the economic development of the country in the interests of the national economy, on the other hand, wide attention is paid to the wide use of financial instruments to achieve this goal. The tax system emerges as one of the most important and effective financial instruments. Local business taxation refers to the taxation of businesses operating in a specific geographic jurisdiction, usually a specific country or region. This can include different types of businesses such as SMEs, corporations, partnerships and sole proprietorships.

Subsoil tax plays an important role in the tax system of foreign countries. International experience in subsoil taxation includes different models and approaches that are used depending on the national legislation, economic conditions



and political priorities of different countries. In the international practice of collecting this tax, a number of categories serve, including royalty, which is the payment that most countries receive for the use of underground resources, which is a fixed amount or percentage of income or profit from production. Some countries tax mining companies like other companies. This tax is determined as a fixed or variable rate depending on the income level. Some countries impose special fees or taxes that apply only to the extraction of underground resources.

Another feature of the experience of foreign countries is that taxation mechanisms arise due to the division of production. This approach involves dividing the production process into different stages (extraction, transportation, processing, etc.) and charging taxes at each stage, while in some cases, mineral extraction taxes are calculated based on the specifics of each project. Some countries have agreements with private companies on the taxation of mining activities, including financial and investment incentives, in turn, many countries combine different approaches depending on the specific conditions and needs of their economies, as well as fairness and equity in the taxation system of underground resources. It is important to take into account international norms and standards in ensuring transparency. A tax system with a much more refined practice of land use tax is the US tax system. Mineral taxation in the US is done at the state and federal level. Some of the key aspects of mineral taxation in the US include: Most US states tax the extraction of minerals such as oil, gas, coal, and minerals. These taxes are usually levied in the form of royalties or taxes on mining profits. Tax rates and collection methods vary by state. Federal Underground Taxes: The federal government also imposes taxes on certain underground activities, for example, it collects income tax on oil and gas production on federal lands in the United States.

In the US, mining companies are subject to both federal and state income taxes, with tax rates and methods of collection varying depending on the type of activity, company size and other factors. In order to extract certain types of mineral resources, companies may obtain licenses or concessions from the relevant government authorities and may be charged initial fees and annual fees. Federal and state governments provide mining companies with various benefits and incentives, including tax breaks, subsidies and other forms of support. It should be noted that the mineral tax system in the United States is complex and varied due to differences between state and federal laws, as well as differences in the types of mineral



resources and methods of extraction. In the United States, the extraction of minerals, including oil, gas, and coal, is taxed at the federal and state levels. The main methods of calculating taxes and royalties are as follows. Royalties vary at the federal and state and even municipal levels. For example, a federal royalty is a tax paid for the right to extract minerals on federal land, and royalty rates vary depending on the type of resource and the terms of the contract. For example, the royalty rate for oil and gas is usually 12.5% - 18.75% of the value of the extracted raw material, while the royalty rate for coal is 8% of the cost of production in underground mines and 12.5% in surface mines.

Lease payments and bonuses also apply, which companies pay for renting land (lease payments), bonuses are paid after the conclusion of lease agreements. It should be noted that each state has its own rules and tax rates. Tariffs vary by state and may be based on production volume or the value of raw materials mined. For example, in Texas, the tax rate for oil production is 4.6 percent of value, and for natural gas is 7.5 percent. States such as West Virginia and Kentucky have a coal use tax, and most coal-mining states impose this tax. Tariffs are based on the value or volume of coal mined, for example, in West Virginia the tax rate is 5% of the cost of production, while some states such as Nevada and Arizona levy a tax on the extraction of rock and minerals, which is levied on the extraction of ores and metals. applies., tariffs can be based on the cost of production or profit from sales.

For example, the oil subsurface tax in Texas is calculated and collected as follows:

Volume of oil produced: 10,000 barrels.

The average price of oil: 70 dollars per barrel.

Cost of production: 10,000 barrels \times \$70 = \$700,000.

Tax rate: 4.6%.

Tax: \$700,000 \times 4.6% = \$32,200.

The West Virginia coal mining tax amount is calculated as follows:

Volume of mined coal: 50,000 tons.

Average price of coal: \$30 per ton.

Cost of production: 50,000 tons \times \$30 = \$1,500,000.

Tax rate: 5%.

Tax: \$1,500,000 \times 5% = \$75,000.

It can be concluded that the methods of calculating taxes in the United States depend on the type of resource, the level of jurisdiction (federal or state) and the specific



rules in each state. In the United States, rents are also charged, and companies pay annual rents for the right to explore for and mine mineral resources on federal lands. Rental payments depend on the area of the site and the stage of development (exploration, production). In addition, companies pay federal income taxes, which are calculated on the company's net income, with a federal income tax rate of 21% (as of 2023). It may also be noted that each state has its own mining tax rules and rates, which may include: Such taxes are levied on each unit of mineral extracted (for example, one barrel of oil or one thousand cubic feet of gas), tax rates vary by state and mineral type, some states levy taxes on the equipment and infrastructure used in mining, many states they also collect income tax from mining companies. Income tax rates vary by state.

For example, the natural gas tax in Texas is calculated and collected as follows (conventional example):

Volume of gas produced: 100,000 cubic feet.

Cost per 1,000 cubic feet: \$3.

State production tax rate: 5%.

Production tax: $100,000 \text{ cubic feet} \times \$3/1,000 \text{ cubic feet} \times 5\% = \15 .

It is clear from these that the methods and rates of mining taxation in the United States vary, with specific characteristics and rates varying according to the state and type of resource being extracted, assessing mineral extraction taxes (also called royalties or lease payments) in the United States methods will depend on a number of factors, including the type of mineral, the location of the mine (federal, state, or private land), and the specific terms of the lease or license. For example, royalties for oil and natural gas extraction from federal lands typically range from 12.5% to 18.75% of the gross value of the raw material extracted, royalties for coal extraction from federal lands are typically 8% of the gross value for underground extraction, and for surface mining is 12.5%, royalty rates for other minerals vary depending on the type of mineral and the terms of the lease.

In the United States, royalty rates and taxes on land owned by public or private owners are set by the appropriate government agencies or private entities. They can differ significantly from the rates on federal lands. For example, some states impose fixed royalty rates on oil and gas production, which can result in tax rates ranging from 12.5% to 25% of the gross value of the extracted material. Many states also levy so-called severance taxes, which depend on the amount or value of the raw



material extracted. Mining tax rates vary by state and mineral type. For example, Texas has an oil production tax of 4.6% of gross value, while North Dakota oil production tax rates can be as high as 11.5%. As a general conclusion, land use tax collection in the United States is multi-district, i.e. federal, state-to-state, and the specific rates and methods used vary depending on state law, lease or license conditions, and other factors.

Another tax system in which the practice of collecting tax for the use of subsoil is relatively sophisticated is the Russian tax system. Mineral extraction tax in Russia (EQFUS) is calculated and collected on the basis of the Tax Code of the Russian Federation. The tax rate and calculation procedure of this tax depends on the type of minerals. The tax base for hydrocarbon raw materials (oil, natural gas) is defined as the volume of extracted raw materials, while the tax base for other minerals is defined as the cost of the extracted mineral. The base tax rate for oil is 919 (2022) rubles per ton, taking into account the coefficients adjusting the tax rate depending on the world oil prices and production level.

In the Russian tax system, the rate for natural gas varies depending on the area of production, tax rates for other minerals are determined based on the value of extracted raw materials and are set in fixed percentages. Coefficients and adjustments are also used in this tax collection mechanism. This applies in the way that various adjustment factors are applied to the base rate, taking into account factors such as the complexity of production, regional characteristics and world prices of raw materials. The tax base and tax calculation for oil products in Russia are calculated in the following order:

Tax base for oil = (Base rate) × (Kts) × (Kd) × (Kpr)

Here: • Kts is the considered coefficient of the changing price of the conjuncture in the world market;

- Kd is the coefficient taking into account the complexity of the mineral;
- Kpr – coefficient with correction taking into account other cases.

In order to calculate the exact amount of the tax for the use of the subsoil, it is necessary to calculate the coefficients determined for each object specified in the law and other regulatory documents. Underground tax or mineral extraction tax in Russia is calculated based on several main factors. In particular, the tax rate by type of mineral depends on the type of mineral being mined, the rates for oil, gas, coal, ore and non-metallic minerals are different. The volume of extraction is also an



important component in tax collection, where the tax is calculated on the basis of the amount of minerals extracted in physical units (tons, cubic meters, etc.). The base rate is defined as the base tax rate in rubles per unit of raw material for each type of mineral.

Conclusion and suggestion

It is necessary to simplify the tax legislation and legal documents related to underground entrepreneurs and ensure their ease of use. Complex and confusing tax rules can create confusion and compliance issues for entrepreneurs. Therefore, it is necessary to streamline the tax legislation, eliminate redundancies, and provide clear guidelines for tax calculation and reporting. It is essential to ensure that the taxation of mineral resources entrepreneurs is fair and equitable. This can be achieved by introducing progressive tax rates that take into account the profitability and volume of underground operations. Differentiated tax rates based on the types and scope of activities on the ground help to create a level playing field and prevent excessive burdens on small entrepreneurs.

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