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FORMATION AND DEVELOPMENT OF THE TAX SYSTEM IN THE CONSTRUCTION SECTOR OF AZERBAIJAN

Summary

As a result of the new tax reforms carried out in modern times, it was possible to cause certain changes in the level of taxes. Significant changes in the procedure for reporting and paying property tax by individuals and legal entities have made the subject of research on this type of tax even more relevant. From the point of view of the beginning stage of taxation of property as accepted in the economic conditions, the property tax of enterprises is a great innovation in the interaction between the government and enterprises.

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Intradaction

The novelty of paying the construction tax to the budget is not limited to carrying the tax feature, when this tax is calculated, the value of the property that is the source of the tax is included in the value of the property, which is the source of the tax, in terms of the principle of the market economy environment. These factors include the market price of fixed assets and intangible assets, the implementation of a rapid depreciation system. and inflation stages, recalculation of fixed assets using indices, mortgage of property, probabilities about the conjuncture, and other types related to the search for ways to stabilize the financial situation can be attributed. The main reason for the adoption of such a system in the world economy is the formation of strengthened control in the process of keeping records of the tax levied on the property owned by natural persons, which they have to pay for that property, and this process can be carried out more adequately, and the tax benefits to be presented at a higher level of accuracy to be applicable.

As we mentioned, the property tax obtained from individuals is included in municipal taxes, having the property of being able to develop directly. The role of taxes in ensuring stability in socio-economic development for countries is not limited only to the implementation of their fiscal

policy. Thus, in the environment of the modern market economy, it is impossible to imagine an innovative enterprise that does not perfectly know the mechanism of tax payment, that is, accountants exercising the authority of a tax agent without a company head, as well as entrepreneurs and leading specialists. (2)

Analiz

As we know, as in the entire world economy, the economic policy in the Republic of Azerbaijan is implemented on the basis of market economy principles. Large-scale and relevant economic, political and legal reforms are being developed and implemented in the country for the implementation of goals based on the principles of democratic, independent and market economy. Despite the existing problems and difficulties, the Republic of Azerbaijan, which is currently experiencing a period of transition from an economic point of view, is advancing with full confidence in terms of economic development, based on the motto of free market economy. Property tax has an exceptional role in the reforms carried out for the formation and development of a competitive market environment and the development of individual entrepreneurship in our country.

As we know, one of the direct taxes applied in our republic is the property tax. Although it is suggested that the tax in the field of construction

in our country has been applied since the Middle Ages, the policy of property tax was first implemented in the territory of the country from 1964 during the USSR period. Many economists have traditionally characterized the property tax as a transformed form of excess cash payment introduced by the 1963 tax reform in the USSR and abolished in connection with the transition to a market economy. The formation of such an opinion is related to the similarity of the basis on which these payments are made. Property tax can be considered a new manifestation in the relations between the state and enterprises. The innovation here is characterized not only by the nature of the tax, but also by the inclusion of new cost elements in the tax base during the calculation of this tax. These elements include factors such as the market value of fixed assets, revaluation of fixed assets taking into account the level of inflation. (4)

Since the current land tax policy in our republic is based on the rent-based payment system, the country's legislative system, unlike the international system, does not envisage land as an object of free purchase and sale, private ownership of land is not fully accepted, in the matter of land use and disposal a number of problems have not yet been resolved. As a result of all these problems, despite the fact that the property factor exists in the ability of the land to create a certain value, the purposes of taxation are not included in the component of real estate. Thus, land tax cannot be calculated as part of property tax until the problems of legal regulation of land issues are resolved (3).

The law "On Property Tax" adopted on March 24, 1995 forms the basis of property tax in the Republic of Azerbaijan. The previous General State Tax Inspectorate developed a number of guidelines for taxing the property of individuals and legal entities according to the mentioned law. If in the previous laws social-cultural and housing-communal institutions, which are on the account of taxpayers, were exempted from tax, then in the Tax Code similar benefits are provided for taxation only from healthcare, education and other institutions. In addition to these concessions, tax exemption of machinery, equipment and several similar techniques, which are taxed together with fixed

assets, is also recorded in the Tax Code. So, until 2001, no property tax was collected from motor vehicles. Nevertheless, with the law "On Road Fund" adopted in 2001, tax was started to be levied on the owners of motor vehicles, which essentially correspond to the property tax. Thus, according to this law, the property tax levied on motor vehicles was calculated in the amount of five percent of the minimum wage according to the horse power of the vehicle's engine. Until recent years, charging this tax from motor vehicles at the same time made the payment process even more difficult, and such an attitude towards road tax payers was considered a great injustice. The main reason for this injustice is double taxation of essentially the same taxable object (2).

Despite all the above, as a result of the tax reforms introduced after long-term disputes, the less important types of taxes were canceled, while other taxes were subject to high level changes. These changes were not only limited to motor vehicles, but also took into account the system of attracting enterprise property as a tax object. As of January 2015, in accordance with the relevant changes in the tax legislation, enterprises have already been exempted from the collection of road tax. This decision essentially means a significant reduction of the tax burden for those entrepreneurs.

Determining the average annual value of property owned by legal entities is one of the priority issues during the preparation of the property tax report. In this regard, in the decision of the Cabinet of Ministers dated March 17, 1997, the average annual value of the property of enterprises subject to taxation was determined according to the reporting period. (State Tax Service under the Ministry of Economy of the Republic of Azerbaijan 2021: 5 p.). For the reporting period - during the first quarter, six months, nine months and the year, on January 1 of the reporting year and on one of the following months, i.e. April 1, July 1, the amount of significant funds of enterprises on average each year. October 1, October 1 You can find the sum of the book value of fixed assets for the half year as of January 1, as well as the sum of the book value of fixed assets for all other quarters of the reporting year (April 1, April 1). July 1, October

1) and divide the received number by four. . Thanks to this decision, it was possible to eliminate uncertainty in property tax calculation. According to the Tax Code, if the property tax levied on legal entities in our country is not the amount of fixed assets, then the funds in the accounts of legal entities are taken into account. One of the features of the property tax was that this tax affects both the financial results of enterprises and the operations of banks and credit organizations, etc. (1).

Before the Tax Code was adopted, the property tax policy for natural persons was carried out in accordance with the instruction "On the procedure for calculating and paying the property tax belonging to natural persons". Thus, according to the mentioned instructions, it was applied to AR citizens, foreign citizens and also non-citizens who pay property tax. In the manual, apartments, summer houses, and other buildings are listed as property tax objects. At the same time, according to the instruction, they paid property tax in the amount of 1/10 percent of the cadastral value for buildings owned by individuals.

After the adoption of the Tax Code, the procedure for collecting tax from the property of individuals has completely changed. According to the Code, the inventory value of the property owned by individuals is taxed at the rate of 1/10 percent of up to three hundred times of the non-taxable monthly income, and if it exceeds three hundred times (6).

After the adoption of the Tax Code, a number of changes occurred in the collection of property taxes. The procedure for calculating property tax on buildings owned by individuals has been

changed. Thus, according to the amendments made to the Tax Code, the objects of taxation for property tax of natural persons are the inventory value of buildings, water and air vehicles owned by them. According to the Code, if the value of the property tax of individuals exceeds 5000 times the inventory value of enterprises owned by individual individuals, and the amount is 1/10 percent of the value exceeding 5000 times, it is not taxed. the size of a notional financial unit. . For water and air vehicles owned by a natural person - one percent of the conventional financial value of the vehicle for each cm³ of the vehicle, and one percent of their market value for water and air vehicles without a motor part is taxed. (1).

In the Republic of Azerbaijan, when a property tax institution belonging to natural persons is called, the amount is obtained from the above-mentioned transport facilities owned by resident or non-resident natural persons and located in our republic, or a certain part of them, at the same time, regardless of their location and whether they are used or not. The inventory amount of the property belonging to natural persons is determined according to the rules of the Cabinet of Ministers of the Republic of Azerbaijan dated June 28, 1999, No. 110, "On approval of the Rules for calculating the inventory value of buildings owned by natural persons". The inventory amount of property belonging to natural persons is determined according to their technical inventory. (5)

Table 1 below describes the procedure and rate of property tax levied on natural persons in the Republic of Azerbaijan (3):

Table 1

The amount of property tax levied on individuals in the Republic of Azerbaijan

Residential Areas	Owned by a natural person residential and non-residential areas (AZN)
Baku city	4/10
Ganja, Sumgait cities, Absheron region	3/10
Other cities (with the exception of cities belonging to regions), regional centers	2/10
In cities, towns and villages subordinated to the district (with the exception of the towns and villages of Baku and Sumgait cities, as well as Absheron district)	1/10

As a legal entity, the average one-year value of the significant amount in the account of legal

entities for property tax taxation, and the average annual value of the significant amount of funds

in relation to the persons providing the permanent representation according to the applying resident bodies that exercise entrepreneurial authority in the Republic of Azerbaijan as their own permanent representation. amount is taken into account (2).

Based on the changes made to the Tax Code, although there were no significant changes in the taxation objects determined for taxing the property of individuals and legal entities, there were changes in the interest rates. Thus, according to the Tax Code of the past, the object of property tax for legal entities in our country was the value of vehicles and fixed assets on the balance sheet of legal entities. Unlike the current law, the Code also added vehicles to the property tax object (4).

The personal property tax, which was adopted on June 20, 2014 and came into effect on January 1, 2015, is charged based on the area of the buildings, not the "inventory value of the buildings". (in relation to residential areas - more than thirty square meters) m² It is planned to make changes related to the application of established standards. According to this change, the property tax of natural persons is charged depending on the area, not the value of the property. So, in the past, the owners paid 5 thousand manats of the total value of the property, and 0.1 percent of the remaining funds in addition. Currently, the owner does not pay property tax for an apartment up to 30 m², and the part with an area of more than 30 m² is taxed at the rates according to the area where the apartment is located. is located. The tax for a building without a residential area owned by an individual is calculated according to the tax rates for the entire area of the building (Shirinov Sh. I., 2018: 85 p., p. 25). If there are several owners of the building, then the property tax of the building is calculated for each owner of the building based on his share of the area of the building per m². The amount of fixed assets collected for the purpose of operating together without the formation of a legal entity with the participation of taxable objects and enterprises is included in the declaration according to the purposes of being taxed at the initiative of the participants operating together who bring these

fixed assets together. The amount of fixed assets formed as a result of joint activity is applied to the declaration in parallel with the share fee determined in the property by the persons participating in the joint activity in accordance with the contract. State-owned authorities, budget institutions and local self-government organizations, the Central Bank of the Republic of Azerbaijan and other bodies belonging to it, state-owned funds and public institutions of the disabled are generally exempt from property tax (3).

Conclusion

In recent years, the structure of budget revenues has changed significantly, the specific weight of some types of taxes in tax revenues has decreased, while others have increased. For example, property tax has long been the third most common type of tax in the budget after income tax and income tax. This is because its tax base is quite low compared to other taxes. To determine the position and share of taxes in the tax revenues of the budget, it is appropriate to use the data of the last few years. During the analysis, using these data, it is necessary to take into account how the position and share of different types of taxes, especially direct taxes, have changed over the years in tax revenues.

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AZƏRBAYCANIN TİKİNTİ SEKTORUNDA VERGİ SİSTEMİN FORMALAŞMASI VƏ İNKİŞAFI

Xülasə

Müasir dövrdə həyata keçirilən yeni vergi islahatları nəticəsində vergilərin səviyyəsində müəyyən dəyişikliklərə səbəb olmaq mümkün olmuşdur. Fiziki və hüquqi şəxslər tərəfindən əmlak vergisinin hesabat verməsi və ödənilməsi qaydasındakı əhəmiyyətli dəyişikliklər bu vergi növü üzrə tədqiqatların mövzusunun daha da aktuallaşdırmışdır. Məqalənin əsas məqsədi nəzəri və praktiki cəhətdən əmlakın vergiyə cəlb olunması xarakteristikası, əmlak vergisinin tətbiqi edildikdə ortaya çıxan problemləri və onun inkişaf etdirilməsi məsələlərini müəyyən etməkdən ibarətdir. İqtisadiyyatı şəraitində qəbul edildiyi kimi əmlakın vergiyə cəlb olunmasının başlanma mərhələsi baxımından müəssisələrin əmlak vergisi hökumət ilə müəssisələr arasında qarşılıqlı əlaqələrində böyük bir yenilikdir.

Açar sözlər: vergisi sistemi, tikinti sektoru, maliyyə, iqtisadiyyat

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ФОРМИРОВАНИЕ И РАЗВИТИЕ НАЛОГОВОЙ СИСТЕМЫ В СТРОИТЕЛЬНОМ СЕКТОРЕ АЗЕРБАЙДЖАНА

Резюме

В результате новых налоговых реформ, проведенных в новое время, удалось вызвать определенные изменения в уровне налогов. Существенные изменения в порядке отчетности и уплаты налога на имущество физическими и юридическими лицами сделали тему исследования данного вида налога еще более актуальной. С точки зрения начального этапа налогообложения имущества, принятого в экономических условиях, налог на имущество предприятий является большим новшеством во взаимодействии государства и предприятий.

Ключевые слова: налоговая система, строительный сектор, финансы, экономика