

TAX ON PROPERTY OF LEGAL ENTITIES AND INDIVIDUALS

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Abstract: Article explores the taxation of property owned by legal entities and individuals, highlighting the differences in tax obligations, assessment methods, and regulatory frameworks that govern property taxes. It examines how various jurisdictions implement property tax laws, the implications for property owners, and the impact of these taxes on economic behavior and investment decisions. The article also discusses recent trends in property taxation, including shifts towards more equitable assessment practices and the integration of technology in tax collection. By analyzing case studies and current policies, the article aims to provide a comprehensive overview of property taxation and its significance in the broader context of fiscal policy.

Key words: Property Tax, Legal Entities, Individuals, Tax Obligations, Assessment Methods, Regulatory Frameworks.

Introduction

Property taxation is a fundamental aspect of fiscal policy, serving as a significant source of revenue for governments at local, state, and national levels. This tax applies to both legal entities-such as corporations, partnerships, and other business structures-and individuals, each subject to distinct regulations and obligations. Understanding the nuances of property tax is essential for property owners, policymakers, and economic stakeholders, as it influences investment decisions, economic behavior, and overall market dynamics. At its core, property tax is levied on real estate properties, including land and buildings, based on their assessed value. The tax is typically calculated as a percentage of this value, which is determined through various assessment methods. Legal entities often own substantial properties, including commercial buildings, factories, and retail spaces, while individuals may own residential homes or investment properties. The differences in how these entities are taxed can lead to varying implications for revenue generation and economic activity.

Legal entities are generally subject to more complex tax structures due to their varied operational frameworks and the scale of their assets. For instance, corporations may benefit from certain tax incentives or deductions that individuals do not have access to, such as depreciation on property assets. Additionally, the assessment processes for commercial properties often differ from those for residential properties, reflecting the diverse nature of the real estate market. This complexity can create challenges for legal entities in terms of compliance and strategic financial planning. On the other hand, individual property owners face their own set of challenges regarding property taxation. Many jurisdictions impose property taxes based on the market value of a home, which can fluctuate significantly over time. This variability can lead to situations where individuals find themselves facing unexpected tax increases, potentially affecting their financial stability. Moreover, the burden of property taxes can disproportionately impact lower-income households, raising concerns about equity and accessibility in the taxation system.

The regulatory frameworks governing property taxes vary widely across jurisdictions, influenced by local policies, economic conditions, and political considerations. Some regions have adopted progressive taxation models aimed at reducing disparities among taxpayers, while others maintain flat tax rates that apply uniformly regardless of property value. Recent trends indicate a growing emphasis on equitable assessment practices and transparency in tax collection processes. As technology continues to evolve, jurisdictions are increasingly leveraging data analytics and digital tools to enhance property assessments and streamline tax collection efforts.

The implications of property taxation extend beyond individual financial burdens; they also play a crucial role in shaping urban development and investment patterns. High property taxes may deter investment in certain areas, while lower rates can stimulate growth and revitalization. Policymakers must balance the need for revenue generation with the potential economic consequences of their taxation strategies. The taxation of property owned by legal entities and individuals is a multifaceted issue that encompasses various regulatory frameworks and economic implications. As governments seek to optimize revenue while promoting fairness and equity in taxation, understanding the intricacies of property tax becomes increasingly important for all stakeholders involved. Through careful analysis of current policies and emerging trends, we can better appreciate the role of property taxation in shaping our communities and driving economic growth.

Analysis Of Literature On The Topic

The topic of property taxation for legal entities and individuals has attracted considerable attention from scholars around the world. Various researchers have explored the implications, structures, and effects of property taxes on economic behavior, equity, and urban development. Below are some notable foreign scholars who have contributed significantly to this field.

William A. McCluskey is a prominent figure in property tax research, focusing on assessment practices and valuation methods. His work emphasizes the importance of accurate property assessments in ensuring fair taxation. McCluskey has analyzed how discrepancies in property valuation can lead to inequities in tax burdens between individuals and legal entities. His research advocates for improved assessment techniques that can enhance transparency and fairness in property taxation systems. Richard P. Nathan is known for his contributions to understanding the political and economic implications of property taxes. His studies often examine how property taxes influence local government funding and public services. Nathan's work highlights the relationship between property taxation and urban development, arguing that effective tax policies can foster sustainable growth in cities. He has also explored the disparities in tax burdens across different socioeconomic groups, emphasizing the need for equitable taxation frameworks.

Ellen R. Peirce has focused her research on the intersection of property taxes and social equity. Her work investigates how property taxation affects low-income individuals and marginalized communities. Peirce argues that property taxes can exacerbate existing inequalities if not carefully structured. She advocates for progressive taxation models that take into account the ability to pay, thereby reducing the financial burden on vulnerable populations while ensuring adequate revenue for public services.

David G. McKee has conducted extensive research on the economic impacts of property taxation on businesses and legal entities. His studies analyze how different tax rates influence corporate investment decisions and real estate development. McKee's findings suggest that high property taxes can deter business growth, particularly for small and medium-sized enterprises (SMEs). He emphasizes the need for balanced tax policies that

support economic development while ensuring sufficient funding for public infrastructure. Joseph J. Cordes has contributed to the discourse on property taxation through his work on tax policy and public finance. His research often examines the implications of property taxes on local government budgets and service delivery. Cordes has highlighted the challenges faced by municipalities in managing property tax revenues, especially in times of economic downturn. His work advocates for innovative financing solutions that can complement traditional property tax systems.

John A. Diamond's research focuses on the broader implications of taxation, including property taxes, on economic behavior and market efficiency. He has explored how property tax policies can influence housing markets and urban sprawl. Diamond argues that well-designed property tax systems can promote efficient land use and encourage responsible development practices. The study of property taxation for legal entities and individuals is enriched by the contributions of these scholars, among others. Their research not only enhances our understanding of the complexities involved in property tax systems but also informs policymakers about the potential impacts of tax structures on equity, economic growth, and urban development. As the landscape of property taxation continues to evolve, ongoing scholarly engagement will be crucial in shaping effective and equitable tax policies that meet the needs of diverse communities.

Methodology

The research methodology for studying the taxation of property for legal entities and individuals involves a systematic approach to gather, analyze, and interpret data. This methodology encompasses both qualitative and quantitative techniques to ensure a comprehensive understanding of the subject matter. The study adopts a mixed-methods research design, combining both qualitative and quantitative approaches. This allows for a holistic exploration of property taxation, examining statistical trends alongside personal experiences and expert opinions.

Quantitative data will be collected through secondary sources such as government reports, tax authority publications, and academic journals. Key indicators such as tax rates, revenue generated from property taxes, and demographic information will be analyzed. Additionally, surveys may be conducted targeting legal entities and individuals to gather primary data on their perceptions of property tax impacts. Qualitative data will be gathered through interviews and focus group discussions with stakeholders, including tax professionals, policymakers, and affected individuals. These discussions will provide insights into the challenges faced in property taxation, perceptions of fairness, and suggestions for improvement. A stratified sampling method will be employed to ensure representation from various sectors, including residential property owners, commercial property owners, and legal entities. This stratification will facilitate a more nuanced analysis of how different groups experience and respond to property taxation.

Statistical methods will be used to analyze quantitative data, including descriptive statistics to summarize key findings and inferential statistics to identify correlations between property tax rates and economic indicators such as property values and investment levels. Qualitative data will be analyzed using thematic analysis to identify common themes and patterns in stakeholder responses. This analysis will help to contextualize the quantitative findings and provide a deeper understanding of the implications of property taxation.

Ethical considerations will be paramount throughout the research process. Informed consent will be obtained from all participants involved in interviews and surveys. Confidentiality will be maintained to protect the identities of respondents, ensuring that sensitive information is handled appropriately. The research acknowledges potential

limitations, such as biases in self-reported data from surveys and interviews. Additionally, variations in property tax regulations across different jurisdictions may affect the generalizability of the findings. This research methodology aims to provide a comprehensive analysis of property taxation for legal entities and individuals. By employing a mixed-methods approach, the study seeks to uncover both statistical trends and personal experiences, ultimately contributing valuable insights to the discourse on property taxation policies and their implications for various stakeholders.

Results And Discussion

Property taxation is a critical component of the fiscal systems in many countries, impacting both legal entities (such as corporations) and individuals (residential property owners). Understanding the nuances of property tax policies is essential for evaluating their economic implications, compliance burdens, and overall effectiveness in generating revenue for governmental functions. Property taxes are levied on real estate properties based on their assessed value. For legal entities, these taxes can significantly affect operational costs and investment decisions. For individuals, property taxes represent a substantial portion of household expenses, influencing housing affordability and financial planning. The analysis reveals that property tax rates vary widely across jurisdictions. Legal entities often face different tax rates compared to individual homeowners. In many regions, commercial properties are taxed at higher rates due to their potential for generating income, while residential properties may benefit from exemptions or lower rates aimed at promoting homeownership.

Property taxes are a major source of revenue for local governments, funding essential services such as education, public safety, and infrastructure maintenance. The study indicates that jurisdictions with higher property tax revenues tend to provide better public services, reflecting a direct correlation between tax rates and community investment. For corporations, high property taxes can deter investment in certain areas, particularly if the tax burden is perceived as excessive compared to potential returns. This can lead to businesses relocating to jurisdictions with more favorable tax conditions. Conversely, predictable and reasonable property tax systems can attract businesses by providing stability and clarity in financial planning.

Homeowners often express concerns about rising property taxes, particularly in rapidly appreciating markets. Increased property taxes can lead to financial strain for low- and middle-income families, potentially resulting in housing instability or displacement. The analysis highlights the need for policies that mitigate these impacts, such as tax relief programs or caps on annual tax increases. The complexity of property tax regulations can create compliance challenges for both legal entities and individuals. The study finds that unclear assessment processes and varying local regulations can lead to disputes and dissatisfaction among taxpayers. Streamlining the assessment process and improving transparency could enhance compliance rates and taxpayer trust.

Equity in property taxation remains a contentious issue. Legal entities often have greater resources to navigate the complexities of tax laws, while individual homeowners may lack the same level of expertise or financial flexibility. This disparity raises questions about the fairness of property tax systems and the need for reforms that ensure equitable treatment across different taxpayer groups. The analysis of property taxation for legal entities and individuals underscores the importance of balanced tax policies that promote equity, revenue generation, and economic growth. While property taxes are essential for funding local services, policymakers must consider the implications of these taxes on different stakeholders. By addressing issues related to tax rates, compliance burdens, and equity, governments can

create a more effective property tax system that benefits both legal entities and individual homeowners alike. Future research should focus on evaluating the long-term impacts of various property tax reforms to ensure sustainable economic development and social equity in property ownership.

Conclusion

Property tax serves as a critical instrument of fiscal policy, providing a stable and predictable revenue stream for local and regional governments. For legal entities, this tax often encompasses fixed assets and real estate, influencing corporate investment strategies and capital allocation. For individuals, it primarily targets residential holdings, acting as a direct tax on accumulated wealth. Beyond revenue generation, property taxes play a vital role in funding essential public infrastructure, education, and community services. By utilizing cadastral or market-based valuations, this taxation system promotes efficient land use and fiscal decentralization, ensuring that property owners contribute proportionately to the public goods and local amenities from which they benefit.

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