

FEATURES OF ACCOUNTING FOR THE MOVEMENT OF NON-METALLIC MINERALS AND THE UNIFICATION OF TAX RATES

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ABSTRACT: Currently the number of taxes imposed on nonmetallic mineral resources, used in construction process, accounts for minimum 13 types of minerals. They are mainly products used directly in the construction industry that do not require processing.

KEYWORDS: Subsoil, significance, Tax Code, processed, raw materials, sand-gravel mixture.

INTRODUCTION

At present, the minimum amount of tax imposed on the nonmetallic mineral resources has been introduced, and the major part of budget revenues accounts for these products.

This year, the tax rate of 7500 UZS, which was applied in 2020, is being maintained for sand-gravel mixture, and the tax rate for construction sands (carbonate rocks, porphyry and granite stones) has been unified and set at the amount of 7500 UZS instead of 10000 UZS/cubic meter.

In the market of construction materials, one cubic meter of unprocessed sand and gravel mix costs 25-30 thousand UZS, and one machine of this product (with the weight of average 8 cubic meters) is sold for 300-400 thousand UZS in Syrdarya, 200 thousand UZS in Khorezm and 600-800 thousand UZS in Tashkent region.

Moreover, in these markets, the cost of processed (crushed in the crusher) sand-gravel mixture is purchased at the highest price of 80000 UZS. When calculating the tax for the use of subsoil in the amount of 5 percent of this value, it equals to 4000 UZS per cubic meter.

For the payment of tax at the rate established by the Tax Code (7500 UZS per cubic meter), one truck of the production, which costs minimum 150 thousand UZS ($150000 \cdot 5\%$) per cubic meter of product, should be sold at the price of over 1.2 million UZS. The amount of tax calculated at the rate established by the Tax Code is twice more than the tax calculated at the market value.

In addition, brick and tile raw materials are used in the production of brick products. Currently production of alternative construction materials (foam block, gas block) instead of brick products has developed, and the significance of brick products has decreased and lost demand.

From the point of view of Zozulya (2011), increasing rates of industrial development of natural resources (oil, gas and other minerals), accelerate the process of deforestation of woods. Such negative trends predetermine the need to re-evaluate the role of forest resources in ensuring the economic growth of the country and the vital activity of its citizens. Efficient use of forest resources, combined with sustainable reforestation, will enhance forest wealth of Russia, facilitate creation of new jobs, and make an overall impact on the economic development of the regions of Russia. In addition, as the most important aspect, it will solve social problems, thus raising the budget revenues and increasing the receipts gained from the export operations.

Yuldasheva (2021) in her research paper has expressed an opinion, that as a result of assignment of taxes imposed on the nonmetallic mineral resources to the local budgets, the revenues, gained from these taxes, have increased significantly. In particular, as of the end of 2019, tax receipts gained from nonmetallic mineral resources have increased considerably in relation to 2019. This fact can be proven by the increase in the rates of taxes imposed on the construction materials and growth of the extraction volume.

THE MAIN FINDINGS AND RESULTS

According to article 452 of the Tax Code of the Republic of Uzbekistan, it is determined that the tax on the use of subsoil for the raw material of brick tiles is set at 5 percent per cubic meter, but minimum at 7000 UZS/cubic meter.

For the tax to be calculated at this rate, the prime-cost of raw materials not extracted from the quarry must amount to 140000 UZS (7000×20).

According to the data, nowadays 2.8 cubic meters of soil is used for the production of one thousand standard bricks and 3.2 cubic meters of soil is used for the production of non-standard (larger) bricks.

The cost of this finished product (1000 bricks) accounts for 150000 UZS at the most expensive market price.

According to our analysis, the tax for subsoil use paid for the production of 3.2 cubic meters of soil per unit of bricks constitutes 22.4 thousand UZS (3.2×7000).

In this case, in order for working 5 percent of algorithm in the tax calculation, the weight in the quarry must be subject to offset in the amount of 448 thousand UZS (22.4×20).

According to the cost estimates approved by the enterprises for the production of thousands of bricks by the industrial method, the finished product will be sold at the price of 150 thousand UZS after adding expenses on labor, depreciation, fuels, as well as expenses on catering and other costs.

Arithmetic calculations show that the conditional value accepted for tax calculation is 3 times higher than the market value ($448 \text{ thousand} / 150 \text{ thousand UZS}$).

Due to the fact, that the tax rate is not determined in reliance upon market prices, the actual volume of the natural resources extracted is demonstrated in lower amounts in the reports.

This, in turn, leads to the application of various schemes of tax evasion, non-receipt of the part sold for cash, digging outside the deposit allocated to subsoil users (out of contour), in short, violation of tax and geological legislation.

In addition, the number of complaints about the high tax rates set for construction materials, made during the meetings with taxpayers in the regions, is increasing.

Therefore, currently there is a need to reconsider the tax rates set for construction materials on the basis of market mechanisms.

Furthermore, it is necessary to unify the tax rates for construction materials in the structure of nonmetallic mineral resources through their unification. In particular, today there are mineral resources of similar natural peculiarities, that do not require processing in construction.

In particular, sand-gravel mixture, construction sand, sandstone and similar minerals are widely used in construction.

There are separate tax rates set for each type, and mainly arguments between tax authorities and business entities arise concerning this issue.

It is necessary to establish a single tax rate by grouping the various tax rates for nonmetallic mineral resources used in construction.

The necessity to implement this reference form in practice is to collect the indicators required in the construction materials industry, as well as in the analysis of budget revenues.

Article 452 of the Tax Code of the Republic of Uzbekistan establishes tax rates for subsoil use, some of which are reflected in the absolute amounts.

Data on the minimum amount of the tax determined for construction materials

No	Construction material name	2020 year	2021 year
1	Gypsum stone, gypsum and anhydrite, ganch	5, but minimum 9500 UZS/cubic meter	5, but minimum 9500 UZS/cubic meter
2	Brick and tile raw materials	5, but minimum 7000 UZS/cubic meter	5, but minimum 7000 UZS/cubic meter
3	Shell limestone	5, but minimum 12500 UZS/cubic meter	5, but minimum 12500 UZS/cubic meter
4	Raw materials for shore protection works (limestone, porphyrites, granites)	5, but minimum 10000 UZS/cubic meter	5, but minimum 10000 UZS/cubic meter
5	Blocks from natural facing stone	5, but minimum 20000 UZS/cubic meter	5, but minimum 20000 UZS/cubic meter
6	Sandstones	5,0	5, but minimum 7500 UZS/cubic meter
7	Sand and gravel	5, but minimum 7500 UZS/cubic meter	5, but minimum 7500 UZS/cubic meter
8	Concrete sand	5, but minimum 8500 UZS/cubic meter	5, but minimum 7500 UZS/cubic meter
9	Construction crushed stone (granites, porphyrites and shale rocks)	5, but minimum 10000 UZS/cubic meter	5, but minimum 7500 UZS/cubic meter
10	Construction crushed stone (carbonate rocks)	5, but minimum 10000 UZS/cubic meter	5, but minimum 7500 UZS/cubic meter
11	Marble chips	5, but minimum 17000 UZS/cubic meter	5, but minimum 17000 UZS/cubic meter

12	Limestone for cement production	45000 UZS/tons	45000 UZS /tons
13	Saw stones, rubble stone and crushed stone	5, but minimum 7000 UZS/cubic meter	5, but minimum 7000 UZS/cubic meter

The procedure for calculating the tax imposed on these products slightly differs from the procedure established for the taxation of other types of minerals, and if the mineral resource is sold, it is calculated as a percentage of sales, but not less than the absolute amount of the extracted volume.

CONCLUSION

1. Reconsidering of the tax rate for construction materials on the basis of market mechanisms;
2. Setting the tax rate for sand-gravel mixture and brick tiles in the range of 3000-4000 UZS per cubic meter;
3. It is proposed to consolidate the established tax rates set for construction materials into one group through their unification and calculate the tax at a single rate.

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