

West Germany	9,3	9,2	-1
Sweden	2,5	6,0	+140
UK	3,9	4,7	+20
US	3,3	4,4	+33

(from "Britain's Taxes. Some International Comparisons")

Vocabulary list you may need

validity - қиймат	sharply - кескин	define - аниқламоқ
absorb – узмоқ (қарзни)		acceptable - маъқул
GNP Gross – ялпи		benefit – манфаат
National Product – миллий маҳсулот		obtain - олмақ
respectively - нисбатан		subsidise – субсидия бермоқ
expenditure - харажат		subsidy - субсидия
grant – кўмак (моддий)		extent - ўлчов
per head – жон бошига		purchase - харид
below – анча паст		well
costs – нархда турмоқ		cause – сабаб бўлмақ
generous – сахий		resentment - ғазабланиш
rule - қоида		welfare – моддий фаровонлик
take into account – ҳисобга олмақ		graduate - тақсимламоқ

Ex.1. Find the following words and word-combinations in the text above and then read and translate them into Uzbek.

validity of comparison, to define, have relation to, a generous welfare state, to be sharply different, cause resentment, take into account, total expenditure

Ex.2. Identify, which English and Uzbek words correspond each other by meaning.

study, comparison, correctly, general revenues, increased contributions, area, moreover, except, goods, to amount, including, figures, proportion, equivalent, total expenditure

умумий сарф-харажат, ўрганиш, умумий йиғим, ўсувчи бадаллар, соҳа, истисно тариқасида, кўпроқ, таққослаш, товарлар, тўғри, рақамлар, камраб олмақ, эришмоқ, тенг, ўзаро нисбат

Ex.3. Agree or disagree corresponding to the text above.

1. People do not resent NIC as much as they do higher rates of income tax.
2. They spend less from Social Security Contributions in Britain than in any other country compared.
3. In the UK NIC is not related to personal income.
4. Social Security Contributions constitute a smaller part of GNP in the UK than anywhere else.
5. Social Security Expenditure is much lower in Britain than in other countries in question.

Ex.4. Divide the text “SOCIAL SECURITY CONTRIBUTIONS” into meaningful parts and choose title for each of them.

Ex.5. Speak about social tax of Great Britain comparing with other European countries or your country.

Ex.6. Translate the following words and word-combinations into Uzbek and try to make up sentences with them.

international tax study, important comparison, the validity of comparisons, to be acceptable, to show increased (decreased) security contributions, to be subsidized, to be the same, to be slightly (sharply) different from, to absorb, compared with, by comparison with, to amount to, well below, well above, on the basis of these figures, finally, to be noted, to take into account

Ex.7. Make up 6 questions concerning taxes and taxation system and ask answers from your partner.

Ex.8. Write an essay in English about “Future Reformation in Taxation Sphere” (at least 200 words)

- **Make a short report about making serious taxation reform to get optimal tax collection in Uzbekistan.**
- **Read and translate the text “Tax on Savings and Investment”, answer the questions: When is interest on savings usually tax-free?**

UNIT 20.

TEXT
TAX ON SAVINGS AND INVESTMENT

Not all income comes from employment. There are many other forms of income, from savings and investments, rent, et. This does not, in principle, escape tax, though there are exceptions. It is up to individual to declare income such as rent, interest and dividends to the tax authorities. Interest on savings may be paid gross before tax or net after it. A dividend on an investment may also be paid gross net. When these payments are paid net or tax the rate usually charged is the same as that on companies, and it is up to the individual to reclaim the tax if his or her own individual rate of tax is lower than the company rate. If the individual's marginal rate of tax is 20% but his dividend arrives with corporation tax a (on companies)deducted at 30% he will be able to reclaim the 10% difference from the tax authorities.

There is an international aspect to taxes on dividends. Some countries impose what is called a "withholding tax" on dividends paid by foreign investors before they can be repatriated. The rate of tax varies, and can be as high as 20% or 30%, but it may also be nominal. It is not possible to give a general rule about withholding tax, and it is wise for the investor to check at the outset. Withholding taxes may be reduced by special tax treaties between countries. These are known as Double Tax Relief (DTR) agreements. Those which have no withholding tax may be dividends net and not allow the foreign investor to reclaim the deducted tax. Where a withholding tax is paid it can be balanced out with taxes paid in the foreigner's resident country, if there is DTR agreement.

Interest on some savings is tax-free. These are generally savings in government schemes, which are designed to encourage people to lend their money to the government. Schemes may be for a fixed term, with penalties for early withdrawal. The more a government may be able to persuade its citizens to save in this way, the greater flexibility it may have to change the rates for both direct and indirect taxes. Interest on savings in the private sector is normally (though not invariably) liable for tax, as additional income at the marginal rate.

Income which is not earned may be simply added to earnings and taxed accordingly. Alternatively, it may be subject to additional higher taxation and may be called an investment tax.

(from "guide to International Finance" by Alen M.)

Vocabulary list you may need

rent - ижара	withholding	tax – олинадиган солиқ
nominal - номинал		escape - қочмоқ
outset - бошланиши		exceptions - истиснолар
before tax – соф даромад		dividends - дивидендлар
resident - маҳаллий		charge – тўлов, йиғим, харажат
double tax relief – икки ёқлама		tax authorities – солиқ органлари
солиқдан озод қилиш		investment - сармоя

deducted tax – ушланган солиқ	marginal rate – ставка чегараси
penalties - жарималар	reclaim – қайта даъво қилмо
persuade – ишонтирмоқ, кўндирмоқ	tax-free – солиқдан озод
tax authorities – солиқ органлари	lower rate - қуйи ставка

Ex.1. Answer the questions.

1. What forms of income can there be?
2. Do they escape tax?
3. How can interest on savings and a dividend on an investment be paid?
4. What rate is usually charged when a dividend on an investment is paid net of tax?
5. When can an individual reclaim the tax?
6. What is the withholding tax?
7. What is the rate of a withholding tax as a rule?
8. What should an investor check at the outset?
9. How can withholding taxes be reduced?
10. Interest on what savings is usually free? Why?
11. How are government schemes designed?
12. What happens in case of early withdrawal?
13. On what does the government's flexibility to change the rates for taxes depend?
14. What happens to unearned income?

Ex.2. Paraphrase the following sentences.

1. Not all income comes from employment.
2. It is up to individual to declare income.
3. There is an international aspect to taxes on dividends.
4. It is wise for the investor to check at the outset.
5. Interest on savings in government schemes is tax-free.

Ex.3. Find the similar meaning of the following sentences in the text above.

1. There are different sources of income.
2. All forms of income are taxed
3. The individual can return his/her money if there is difference in his/her marginal rate and the company.
4. The government encourages people to save money.
5. Savings in the private sector are not encouraged by the government.

Ex.4. Find English equivalents of the following words and expressions from the text.

даромадлар турлари, аслида, даромадни декларациялаш, солиқ органлари, фоизли жамғариб бориладиган нафақа, харажат тўловларини чегиримсиз тўлаш, шундай усулда, юқори солиқ ставкаси, солиқлар ва дивидендлар, ушлаб қоладиган солиқни жорий этиш, турли хил солиқ ставкалари, сармоядорлар томонидан кўриб чиқиш, махсус солиқ келишувлари, давлат қимматли қоғозлари, мослашувчанлик, сармоя солиғи

Ex.5. Clarify the meaning of the following words which used in the text.

escape – қочмоқ (қамоқхонадан), қутқармоқ, халос бўлмоқ, бўлинмоқ

term – муддат, шарт, семестр

declare – тан олмоқ, эълон қилмоқ, билдирмоқ, номламоқ, тақдим қилмоқ

charge – қувватламоқ, топширмоқ, айбламоқ, нархни белгиламоқ, ундирмоқ

arrive – етиб келмоқ, келмоқ (вақт)

scheme – фитна, уюшган, дастур, чизма

Ex.6.write down synonyms and/or antonyms of the following words.

escape, exception, withhold, pay net, check, outset, scheme, lend, penalty, persuade, flexibility

Ex.7. Tell four main forms of the verbs.

come, escape, declare, pay, charge, reclaim, impose, call, repatriate, vary, can, give, check, reduce, hold, balance, design, encourage, lend, withdraw, persuade, save, change, earn, add

Ex.8. Put the necessary prepositions.

1. Income comes employment, savings, rent, etc.
2. An individual must declarehis/her incometax authorities.
3. Interestsavings and dividendan investment may be paid gross or net
4. It is... ... the individual to declare income and reclaim the tax.
5. Some countries impose special taxes.... dividends foreign investors.
6. It is wise the tax payer to check the taxes imposedhim/her.
7. Taxes paid in the foreigner’s resident country are balancedthe withholding tax.
8. Savings....government schemes encourage people to lend money....the government.

9. If an individual withdraws money term, he/she pays penalties....the early withdrawal
10. The government can change the ratesdirect and indirect taxes.
11. Interest savings in the private is liable ...tax and is taxedthe marginal rate.

Ex.9. Read and translate the following sentences into Uzbek paying attention to the tense form of the verbs. *Example: Interest on savings is paid gross or net. (Present Indefinite Passive) Жамғарилган пул фоиизлари харажатлардан чегирилган ва чегирилмаган ҳолда ушлаб қолинади.*

1. The individual reclaimed the difference of his marginal rate of tax and the corporation tax, which had been deducted by the tax authorities.
2. A withholding tax was balanced out with taxes which had been paid in the foreigner's resident country.
3. The government encourages people to lend their money to the government.
4. Special government schemes are being designed for this purpose.
5. Schemes are planned to work for a fixed term
6. People will get penalties if they withdraw money early.
7. People will be persuaded to save money in government schemes.
8. The government has changed the rates for both direct and indirect taxes
9. Interest on savings has been liable for tax for many years.
10. The company will have paid tax gross by the end of the next financial year.

Ex.10. Translate the words and word-combinations and try to make up your own sentences.

forms of income, to escape tax, to declare income, to pay gross or net, a marginal rate, to deduct, a withholding tax, to check, an agreement, to balance out, government schemes, to persuade, flexibility, alternatively

Ex.11. Translate the text below and entitle it.

TEXT

It may also be pointed out that, our expenditure on social security is low by German, French or Swedish standards, nor when taking comparative purchasing powers into account, does it even compare well with the US. The psychological effect of our particular tax structure on the citizen is hardly surprising. It is impossible to quantify the negative results of the system, but it is certain that those groups for whom the shoe pinches most tightly are precisely those on whom present and future economic prosperity largely depends.

Piecemeal reform of our existing system seems likely to lead to increased complexity (and inefficiency) without a corresponding reduction in social injustice. And for all their complexity, our recent reforms have been piecemeal, making little change either to the proportion of all tax payable by different sectors of society, or to the ways in which they pay. Other countries are discovering by experience that more basic tax reform is necessary to obtain maximum revenue at least cost to the economy.

(from “Britain’s Taxes. Some International Comparisons”)

- **Read and translate the text “On Saving and Investment”, answer the questions: How is the principle of equity realized in British taxation?**

**TEXT
ON SAVING AND INVESTMENT**

Heavy and steeply progressive taxation will reduce the ability to save, it might also reduce the willingness to save. An increase in taxes might lead to a fall in saving. Capital transfer and wealth taxes might also reduce the willingness to save because one of the incentives to accumulate wealth is the desire to pass on some of the results of one’s efforts to one’s children and grandchildren. It is difficult to determine the strength of these effects since so many factors influence the level of savings.

Private investment is determined largely by expected profitability so that we must expect the taxation of profits to have some disincentive effects. Much will depend upon the particular level of the tax, but the heavy taxation of profits will probably act as a disincentive as far as the more risky projects are connected. Let us take as an example two projects, one fairly safe, one very risky, and assume a profits tax at the rate of 50 per cent.

Estimated profits

	Before tax	After tax
Project A (fairly safe)	£ 10 000 p.a.	£ 5 000 p.a.
Project B (very risky)	£ 30 000 p.a.	£ 15 000 p.a.

After tax, Project B still holds out the prospect of profits three times as great as those expected on Project A, but the absolute difference has fallen from £ 20 000 to £10 000. Is it worthwhile taking the much greater risks for a possible net gain of £10 000 as against the £ 20 000 which might be forthcoming without tax?

(From “Introductory Economics” by Stanlake G.E.)