

**Interviewer:** it's nice to hear that, but as far as I know, administrative spendings have gone up.

**Financier:** Yes, you are right. It's a problem.

### Words and word combinations you may need

assess – баҳоламоқ	treasury – ғазначилик
provide for – кўзда тутмоқ	legislative - қонунчилик
surplus – профицит	branch – тармоқ, соҳа
foresee – олдиндан кўрмоқ	approved - мақулланган
debt – қарз	deficit - тақчил
export receipts – экспорт тушуми	personal - шахсий
manage – бошқармоқ	incomes - даромадлар
spendings – сарф-харажатлар	contribute – ҳисса қўшмоқ
foreign debt – ташқи қарз	raw materials – хом ашё
for consideration – кўриб чиқиш учун	reserves – захиралар

**Ex.3. Say and write what you know about “The budget”, budget of the Republic of Uzbekistan and its adoption procedure.**

**Ex.4. Read the text carefully and translate it into Uzbek. Retell its main essence.**

### Economical Classification of Taxes

According to the economical nature of tax, it is subdivided into direct and indirect taxes.

**Direct tax** – a real tax, tax on income. The direct tax payers are enterprises, organizations, unions and citizens getting an income from property or other fortune. The source of direct taxes occurs from the finance activity of enterprises (income, profit) or from income of citizens. The direct taxed are income tax, profit tax, vehicle tax, land tax, property tax. They are intended to reduce material and finance expenses, to use effectively production capacities and transport facilities, land resources etc...

**Indirect tax** – an additional tax to product cost (work, service), turnover tax. When the direct taxes are insufficient to cover budget expenses, an indirect tax may be used. This tax is to be paid by enterprises' selling goods and services. The source of indirect tax is formed from the cost of goods, works and services, according to the taxation law, but actually it is a value of goods, works and services. This payment to the budget depends on the plan of goods selling, goods quality and their demand. Due to the indirect taxes the society has an impact on goods movement, quality and image of a product on sale.

The taxes are distributed by budget types: Republican and local taxes. The Republican taxes are imposed to the Republican budget as allowances or subsidies to

the budget. Local taxes and duties are the sources of the local budget formation (regional, cities, rural councils). They are coming to a proper budget without registration in other budgets.

### **Comprehension Questions**

1. How the taxes are classified according to their economic nature?
2. What are direct and indirect taxes?
3. How the taxes are systemized due to taxes distribution?

**Ex.4. Read the text and translate it into Uzbek. Compare the “taxation procedure” and “the budget” of the USA and Uzbekistan.**

## **UNIT 16.**

### **Taxation in USA**

In the United States, federal, state, and local government cover their expenses mainly through taxation. Each level of government depends chiefly on one or two types of taxes. In general, local governments receive most of their tax revenue from property taxes. State governments depend on sales tax, state income tax and excises. The federal government’s chief source of revenue is the federal income tax. Other federal taxes include the corporate profit tax and social insurance taxes.

In October 1986, the President signed into law the Tax Reform Act of 1986 – perhaps the most massive reform of the US tax system. The tax reform was aimed at improving the fairness of the federal tax system and at restoring confidence in the system by eliminating inequalities.

As elsewhere some taxpayers try to find loopholes in legislation and evade taxes. Some others do not pay taxes or do not pay them fully because they do not understand the procedure of tax collection.

The US Internal Revenue Service try to educate taxpayers, to provide them with information to help them to comply with the tax laws. Different educational programmes designed for specific groups of taxpayers have been worked out.

### **The Federal Budget**

The federal budget of the US provides an analysis of expected future revenue and a detailed plan of spending for the upcoming year. The budget is prepared under the supervision of the President. Then it is submitted to Congress for modification and approval. Budget accounts are audited at the close of each year. Except for areas of national security, all citizens have the right to review the audits and inspect how public funds were received and spent.

The successive stages in budgeting – preparation, authorization, execution and audit are known as the budget cycle. The budget is designed to indicate major categories of revenue source such as personal income tax, sales tax, profit tax etc.

Expenditures are listed by government departments and agencies, and are often enumerated in broad terms such as amounts for health, national security or education.

Preparation of the budget is a complex political process. The President makes the final decision on how much to request from Congress for different spheres and programmes. If the budget bill is approved by the House of Representatives and the Senate, it is sent to the President for signature.

• **GRAMMAR REVISION: Suffixes of adjectives**

<p>Culture + al = cultural          Economy + ic = economic          Power + ful = powerful          Value + able = valuable</p>
--

• **Translate the adjectives and write the words from which they are formed:**

remarkable	variable	suitable
changeable	profitable	countable
exchangeable	marketable	fashionable
understandable	readable	charitable

**Ex.5. Match each tax title on the left with the correct definition on the right.**

1. documentary stamp tax	<b>a)</b> duties paid every year for the right to run a certain business, for example the trade of alcoholic drinks
2. license duties	<b>b)</b> levied on the use of certain documents such as registration of ownership
3. volumetric water rate	<b>c)</b> a tax levied from natural and legal persons for business undertakings/enterprise and independent professional activity
4. trade tax	<b>d)</b> a tax paid for water consumption
5. charge (fee)	<b>e)</b> a tax on purchase and registration of motor vehicles
6. lottery tax	<b>f)</b> taxes levied in order to keep streets clean
7. motor vehicle tax	<b>g)</b> a tax on the sale of lottery tickets and lottery prizes

8. street charges	<b>h)</b> a sum collected for the supply of particular services
9. business license fee	<b>i)</b> a tax on vehicles; the size of tax depends on the power of the motor
10. horsepower tax	<b>j)</b> a tax on trading enterprises and on certain (power tax) liberal professions; the object of taxation is their profits and net assets

### Ex.6. Collections and computations of taxes.

Word families.

Complete the table with the words from taxation terminological vocabulary.

№	verb	adjective	personal noun	general noun
1	to tax	taxable	taxman	tax, taxation
2	to deduct			
3				computation
4	to charge			
5			accountant	
6	to levy			collection
7				
8		payable		
9				report
10				loss
11	to impose			
12				calculation
13	to withhold			
14	to obtain			
15				estimation
16		valuable		
17	to subtract			
18	to receive			

### Ex.7. Collection of taxes

Complete the sentences with the correct terms from the box.

tax arrears offence incident of tax	tax penalty cost of collection uncollectable tax	tax surcharge error prepayment	tax in default over taxation overdue tax
---	--	--------------------------------------	--

1. An extra amount of tax in addition to the normal amount is \_\_\_\_\_
2. A legal punishment such as fine for non-payment of tax is \_\_\_\_\_
3. Late filing of tax return, late payment, non-declaration of taxable income is \_\_\_\_\_
4. Amounts of tax due but have not been yet paid are \_\_\_\_\_
5. A tax which is due to pay but has not been yet paid is \_\_\_\_\_
6. Amount of money which the government spends on a maintenance of tax services is \_\_\_\_\_
7. A mistake made by a taxpayer when he shows not true figures in the tax return or by the tax administration while assessing a taxable income is \_\_\_\_\_
8. A tax due to pay but which cannot be levied is \_\_\_\_\_
9. The impact of a tax on people who bear its burden is \_\_\_\_\_
10. The payment of tax in advance before a fixed date is \_\_\_\_\_
11. The excess amount of tax to be paid is \_\_\_\_\_
12. The tax which a taxpayer did not pay by a fixed date and which is outstanding is \_\_\_\_\_

•Read and translate the texts into Uzbek.

### **THE STRUCTURE OF TAX AUTHORITY IN UZBEKISTAN**

The tax service of Uzbekistan is commissioned to implement the state policy in the sphere of taxation. It represents a system of bodies, whose aim is to ensure the execution of tax law. The tax authority of the Republic of Uzbekistan is the same age as the nation's independence. On June 14, 1991, the Republic's supreme legislative authority has approved Regulations on the state tax bodies of the Republic of Uzbekistan, followed by Resolution № 217, "On the state tax bodies of the Republic of Uzbekistan" issued by the Cabinet of Ministers on August 12<sup>th</sup>, 1991.

Its approved structure had been functioned up to 1994, when the State Tax Administration operating at the Cabinet of Ministers had been reorganized into the State Tax Committee of the Republic of Uzbekistan in accordance with a corresponding Presidential Decree. The State Revenue Administration of the Ministry of Finance and its regional sub-divisions are viewed as the predecessors of the tax authority of the Republic of Uzbekistan. Regulatory documents such as law of the

Republic of Uzbekistan, “On the state tax service” in August 29<sup>th</sup>, 1997 № 474-1 and the following Resolutions issued by the Cabinet of Ministers, “On issues associated with the organization of activity of the State Tax Committee of the Republic of Uzbekistan” № dated January 12<sup>th</sup>, 1998, “On the improvement of the organization of activity carried out by the state tax service”.

In keeping with the law of the Republic of Uzbekistan, “On the state tax service”, the state tax authority encompasses the following bodies:

- The State Tax Committee of the Republic of Uzbekistan, state tax administrations of the regions as well as state tax inspection boards of districts, town districts and towns. The State Tax Committee of the Republic of Uzbekistan incorporates a special sub-division involved in combating infringements of the tax law, a special control and inspection subdivision specializing in the conduct of control and documentary check-ups and inspections of financial and economic performance of economic establishments, and a special sub-division dealing with routine and training issues facing the state tax service bodies and their territorial sub-divisions.

The system of Uzbekistan’s state tax bodies represents an integral centralized system built as a multi-level hierarchical, which includes a republican, regional and district level. The State Tax Committee of the Republic of Uzbekistan is considered to be the tax service’s central body, whose main objectives are to implement the state tax policy and to protect economic interests and property rights of the state.

### **Questions for discussion:**

1. How do you estimate the activities of tax authority of Uzbekistan?
2. When had been approved regulations state tax bodies in our country?
3. What does the word combination mean “levy of taxes and obligatory payments”?
4. What is the main factor to play a great role for inspections to be a perfect tax authority?

### **•Types of taxes**

What taxes do you and your family pay?

Match each tax title on the left with the correct definition on the right?

1. income tax	a) is levied on the sales of specific goods, such as spirits, wine, beer, cigarettes, etc...
2. property tax	b) is imposed by a government at each stage in the production and distribution of goods and services
3. value added tax	c) is levied on income from salary, wage, dividends, interest, rent

4. excise tax/duty	d) is collected from the owners of buildings, land, farms, business equipment
5. wealth tax	e) is paid by companies from their earnings
6. customs duty	f) a tax on the value of private assets transferred to beneficiaries
7. withholding tax	g) a tax on enterprises or industries that use substances which are damaging to the environment
8. corporate income	h) a tax on imports and exports tax
9. pollution tax	i) a tax deducted at source from the income of an employee by the employer and paid to the government

### **THE IMPACT OF VAT ON PRODUCTION AND CONSUMPTION**

Goods pass through a number of production and distribution stages before they reach the consumer. At each stage a new element of cost is added: it consists of the costs of assets, wages, rent, depreciation, payment of interest and other payments, as well as profit. These elements constitute the value added that is in turn taxed. Everyone pays tax on the value added by him or her in the process of production and distribution. The amount of VAT already paid on the finished goods is not included in its value because it is subtracted from the amount of tax paid by the final consumer because of the firm can calculate in some profit and receive it upon the sale of the goods. By calculating tax in this way (using a single rate) it has no impact on the profit made by a firm and means that the payment of VAT is made at a uniform rate.

When various tax rates are used (20%, 15% and 0%) the amount of tax paid changes correspondingly, but this does not affect the production process or the amount of profit. This is achieved by including the tax on material resources into a special account and so decreasing the amount of tax paid by the consumer.

Thus, if the VAT rate increases, for example from 20% to 25% or 30%, the amount of tax payment increases, though it does not affect the cost of products, since the amount of VAT on material resources increases in a special account and is refunded.

It should be noted that for firms covered by VAT the tax does not have a significant impact on production. Because when the product is used as a production input the firm can claim back tax credit. Though VAT can affect consumption because the final consumer pays but cannot claim back any taxes.

The system for calculating VAT has one important feature when the invoice method is chosen. The amount of VAT paid greatly depends upon the method of

invoicing used in accordance with the supply (or charges) method, it is necessary to calculate VAT and tax liabilities for both seller and buyer at the moment of supply of goods and provision of services. The payment (or cash) method means that tax liabilities arise at the moment of payment for the goods delivered or service provided. There is a final hybrid method combining the calculation of payment of VAT for finished goods at the moment of delivery, with charging at the moment of payment for products bought as production inputs.

All three methods are used in world practice, though the supply method is the most widely used. It is supported by two key arguments. First, the moment of supply is more closely related than the moment of payment with the target of VAT; namely with the current consumption of goods and services. Second, when the supply method is used the process of VAT collection is easier because identifying the act and timing of delivery is simpler than determining that of payment.

### Comprehension Questions

1. What do you understand by VAT?
2. What stages do the goods pass through before reaching the consumer?
3. What kind of tax rates are used to the products?
4. Since what time has the supply method been used?

#### Ex.1. Theoretical and practical matters of taxation

Match the term titles on the left with the correct definition on the right.

1. chargeable person	a. an extra amount of tax
2. direct tax	b. the double taxation with no relief
3. fair taxation	c. a tax which will be paid in future
4. oppressive double taxation	d. a person who is obliged to pay taxes
5. public finance	e. a sum of money paid back, which was charged through the tax
6. surcharge	f. income tax which is paid directly to the government
7. tax refund	g. taxes and duties which is obligatory to pay to state authorities
8. tax receivable, tax outstanding	h. monies provided by the government through taxation
9. tax base	i. taxation which is right
10. deferred tax	j. a tax which is due but not paid
11. fiscal charges	k. a taxable income, profits, value of property which are taxed.



## TAXABLE AND NONTAXABLE INCOME

Types of income	Nontaxable	Taxable
1. Wages	_____	_____
2. Dividends from stock	_____	_____
3. Veterans' disability benefits	_____	_____
4. Child support	_____	_____
5. Credit union dividends	_____	_____
6. Cash bonuses	_____	_____
7. Inheritances	_____	_____
8. Tips	_____	_____
9. Worker's compensation	_____	_____
10. Welfare	_____	_____
11. Salaries	_____	_____
12. Scholarships	_____	_____
13. Fellowship's fee	_____	_____
14. Interests of savings	_____	_____

### What is income?

All income is taxable if it is not specifically excluded by law. The income section of form below lists possible sources of income. It includes both earned and unearned income. Examples are wages, salaries, and tips, interest earnings, dividends, taxable refunds and credits from the state and local income taxes, alimony, business earnings, unemployment compensation, pensions and income from the other sources.

### Indicate whether the income listed is taxable or nontaxable.

**Taxable income** - is any income that is subject to tax. It must be reported on a tax return, unless the amount is so small that the individual is not required to file a return

**Nontaxable income** – is income that is exempt from tax. If a return must be filed, some types of nontaxable income will be shown on the return but will not be added into the amount of income subject to tax.

•Read the following text and give answers to the questions.

## INCOME DISTRIBUTION

**Correspondent:** The debate on the distribution of income often focuses on the conditions of life of the young. Most typically, young people in Britain leave home after they finish school. Do you live on your own?

**Tom:** No, I don't. If I had finished school with better marks I would have entered the Tax College and would have left home like many of friends. But I'm looking for a job now and live with my parents.

**Correspondent:** What is the annual income of your family?

**Tom:** We are middle-class family. My parents work at the local factory. As in many families our income comes from different sources.

**Correspondent:** What is the largest source?

**Tom:** It's my parents' employment. Then we get a return on my father's savings. Besides, my parents have some shares of their company. As shareholders they get dividends.

**Correspondent:** How do you spend the money?

**Tom:** Nearly all money goes on rent, utilities, transport, clothes and food.

**Correspondent:** Do your parents give you any pocket money?

**Tom:** Yes, they do.

**Correspondent:** Do you spend it on leisure and entertainment?

**Tom:** Well, I go out for a meal or to the cinema sometimes, but I can't afford to do it often.

**Correspondent:** What would you do, if you had more money, Tom?

**Tom:** Well, if I had more money I would start my own business.

### Vocabulary list you may need

income distribution – даромадни тақсимлаш	shareholder - акциядор
focus on – диққатни тўпламоқ	dividend – фойда фоизи
live on smb's own – мустақил яшамоқ	rent - ижара
annual income – йиллик даромад	utilities – коммунал тўловлар
source – манба	start - бошламоқ
return – кирим (даромад)	factory - фабрика
savings – жамғарма пул	shares – акция (улуш)лар

### Comprehension Questions

1. Why does the debate on the distribution of income often focus on the conditions of life of the young?
2. Why does Tom live with his parents?
3. Is the annual income of the family big?
4. Where does the family's income come from?
5. How does the family spend its income?

6. What would Tom do if he had more money of his own?

**Ex.1. Discuss the situation and sum up with your group mates.**

*Situation:* How your family members spend their incomes. Do you contribute in any way to your family's income? Do your parents give you any "pocket money"? Do your family keep money (savings) in a bank?

**Ex.2. PERSONAL INCOME**

There are different types of people's income on which they have to pay taxes. Complete the sentences below with a word from the box.

salary	fee	payment
pension	pay	wage
earnings	A tip	interest on savings

1. A \_\_\_\_\_ is the money that a person receives for his job usually every month. It usually goes directly into the person's bank account or is paid by cheque.
2. \_\_\_\_\_ is the money that you receive regularly for the work you have done.
3. \_\_\_\_\_ are the sums of money that you get by working.
4. If you put your money into the bank account you will receive the \_\_\_\_\_ . It will be added to the amount of salary or wages that you earn and the total will be your adjusted gross income.
5. \_\_\_\_\_ is a small amount of money that someone gets every week or everyday in cash.
6. \_\_\_\_\_ is a small amount of money that you give in addition to the normal charge to a waiter, taxi-driver if you want to thank them for their services.
7. \_\_\_\_\_ is paid regularly to people who are old and have stopped working.
8. A \_\_\_\_\_ is a sum of money that you pay for professional advice or service from another person such as private teachers, lawyers, doctors.
9. \_\_\_\_\_ is the money you get for work that you do not regularly.

**TEXT**

**INTERNATIONAL COMPARISON OF TAXATION**

The people of many countries think that their taxes are too high. In Britain people think that the burden of taxation is heavier here than in any other country.

Whether this is true or not, it is a serious problem. To be sure that one is exposed to oppressive taxation may result in serious impairing the incentive to work harder.

If such an idea is widespread among those whose economic contribution to the community is most vital, the danger to the economy is very real.

Recent studies of taxation in four major Western Countries (France, W. Germany, Sweden and USA) support the view that the tax system in Britain seems to be out of line with everybody else.

International comparisons of taxation can complicate what is already a complex subject. Problems of definition and different methods of data collection and presentation mean that comparisons can never be strictly valid in the statistician's sense. Nevertheless, there are a number of aspects of tax system in each country which can be examined in attempt to draw parallels. This study attempts to collect together some facts, and particularly figures, to help in putting Britain's tax system into international perspectives.

The taxation studies of France, West Germany, Sweden and United States of America, which form the basis of this paper, were completed in 1966.

They were made on the basis of the latest available statistics at the time of the research. For the sake of consistency, UK comparisons have been based on comparable years. There have been some fundamental changes in British taxation since then, and its overall weight has been increased. Nonetheless this study is a valuable background to the up-to-date information which is regularly provided in Notes on Current Politics.

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

**Ex.1. Answer the following questions according to the given text.**

1. Why is it a serious problem if the English think that their burden of taxation is heavier than in other countries?
2. Why is the danger to the economy very real in this case?
3. What do recent studies of taxation show?
4. Why do specialists have to be very careful when studying the complex subject of taxation?
5. Why can't comparisons be strictly valid from the point of view of statistics?
6. What is the aim of these studies?
7. What countries were compared?
8. On what basis were the comparisons made?
9. What changes took place in the British taxation?
10. Is this study valuable? In what way?

**Ex.2. Try to find following sentences and expressions from the text "International Comparisons of Taxation"**

1. Британияликлар ўз солиқлари ҳақида ўйлашади.
2. Меъёридан ортиқ солиқларнинг салбий таъсирию
3. Солиқ тизимининг халқаро меъёрлари билан таққослашдаги мураккаблик.
4. Айрим давлатларнинг аҳолиси солиқ юки бир мунча оғир деб ҳисоблашади.

**Ex.3. Translate the following words and word-combinations into Uzbek and make up sentences with the help of them.**

be examined; oppressive taxation; the tax system; complex; comparable; overall; high taxes; the burden of taxation; collection of taxes; economic contribution; aspects of tax system; be strictly valid; danger to the economy; some facts; For the sake of consistency; regularly provided; out of line; complex subject; serious problem

**Ex.4. Taxation documents.** Match each document title on the left with the correct definition on the right.

1. tax return	a) a table of tax rates assessed according to the different types of income
2. notice of assessment	b) helps taxman and taxpayer to calculate taxes and understand taxation rules
3. tax code	c) each taxpayer has to declare his income in this document and pay taxes on it
4. receipt	d) a document which shows a company's assets and liabilities
5. tax bond	e) this document is sent by tax authorities to a tax payer and shows the amount of tax must be paid by him
6. tax guide	f) taxation laws
7. balance sheet	g) a written confirmation of payment of tax
8. statutory books	h) a bank gives this security to a taxpayer and confirms that the amount of tax will be paid him
9. tax table	i) documents, forms which a company must keep in order to make it easy for tax authorities to check the company's business.

**Ex.5. Read the sentences and translate into Uzbek.**

1. Германия халқи бошқа давлатлар аҳолисига нисбатан кўп солиқ тўлаймиз деб ўйлашади.