

25. Withholding taxes may have been reduced by special treaties between countries.

Ex.12. Find the English equivalents of the following Uzbek words and word-combinations.

таваккал қилишга арзимаиди, иқтисодий йўналишнинг ўзгариши, бу турдаги солиқ тўлашдан бош тортиш, декларацияни ўз вақтида тақдим қилмоқ, атайлаб солиқ тўламаслик, тўланмаган солиқ суммасига тенглаштирилган жарима, солиқ тўлашдан қочганлик учун жазо, мўлжалланган солиқ тушумлари, белгиланган солиқларни тўламаслик, минимал солиқ юки, ...га мақсадга қаратилган, асосий услуб эмас, ўсмирлар солиқ тўлашмайди, кимдир орқали пулни қолдириб кетмоқ, бу ҳали унчалик оммалашмаган, маблағни муайян қисмини қайтармоқ, солиқ тўлаш солиқ тўловчининг фойдасига, жисмоний шахсларга берилган имкониятлар, солиқ йиғиб олгунга қадар, бериладиган солиқ имтиёзлари

• Read and translate texts “New Provisions for Inheritance Taxes” and “Methods of Taxation. Answer the question: Why is the new proposal called a radical step?”

TEXT

NEW PROVISIONS FOR INHERITANCE TAXES

The proposal to abolish the tax (at the time of the gift) on life time gifts between individuals was a radical step. It brought capital transfer tax more into line with the estate duty which it replaced in 1984/85. Renaming of capital transfer tax as inheritance tax is intended to reflect this fundamental change in the way the tax will bite in future.

Most of the capital transfer tax administrative provisions will continue in place for inheritance tax. The principle proposals, which apply to transfers on or after 18 March 1986 are as follows:

Outright gifts between individuals will be exempt from tax where the gift is made more than 7 years before the donor's death (gifts to most trusts and companies will be taxable at one half of the death rates of tax at the time of the gift). In line with the above to 10 years cumulation period for chargeable transfers is reduced from 10 to 7 years.

Tax will be charged on the value of the estate at death together with the value of all gifts made within 7 years of death. The tax will continue to be charged on a cumulative basis, but over 7 years as opposed to 10.

Existing exemptions and reliefs available under capital transfer tax will continue to be available, e.g., annual exemption, normal gifts out of income, inter-spouse transfers, gifts to charities, business property and agricultural property reliefs.

There are to be new “gifts with reservation” provisions: if the donor retains any benefit from the property gifted, the value of that property will be included as part of the estate after death.

New legislation is to be introduced to clarify the rules for dealing with estates which include different property.

The scope for tax planning in general has been widened by the new provisions. Estate owners can now contemplate outright gifts of property to their heirs without immediate tax liability. Life assurance may have in future a more traditional role in inheritance tax planning: to protect against death within 7 years of a life time gift and to provide funds on death to meet tax liabilities.

UNIT 24.

TEXT METHODS OF TAXATION

Some of the most interesting aspects of comparative taxation concern ideas rather than money. No two countries have identical taxes because the circumstances which call for their imposition are seldom alike. Nevertheless it is always worth looking at other people’s ideas and methods for their possible importance to British tax reform. Some of these ideas are concerned with simplification, others attempt to reduce taxes. Any actual experience of these methods is always relevant.

The main differences between countries are in the treatment of different kinds of income and in the range of deductions permitted. The variations in “income – splitting” are also great.

Some other points of interest are noted briefly below.-SWEDEN.

(I) The amount of the State Health Contribution varies according to locality an idea for possible use as additional encouragement to industry in development areas.

(II) The Swedes have a permanent organisation for studying their tax system and making recommendations for innovation and change. Among the latest proposals (to be adopted shortly) are that the income tax be made more regular in its progressiveness and that the present selective indirect taxes be replaced by a general value-added tax.

(III) The Swedish Tax Board has power to forecast tax liabilities on certain proposed transactions: their rulings can then become binding if the applicant wishes. This enables firms to reach early investment decisions knowing in advance the tax consequences of a range of possible decisions.

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

Vocabulary list you may need

| | |
|--------------------------|-----------------------------------|
| proposal - таклиф | cumulative – жамғариб бориладиган |
| abolish - бекор қилмоқ | donor - донор |
| in line (with) - мувофиқ | clarify – аниқлик киритмоқ |
| replace - ўзгартирмоқ | scope – кўлам, ҳажм |

| | |
|---------------------------|------------------------------------|
| rename – қайта номламоқ | contemplate – чуқур ўйлаб кўрмоқ |
| bite – тишламоқ | cumulation - жамғариш |
| provisions pl. - фармойиш | relief - енгиллаштириш |
| outright - бевосита | heir - меросхўр |
| reflect – акс этмоқ | encouragement – қўллаб-қувватламоқ |

Ex.1. Translate the following words and word-combinations, try to make up your own sentences to them.

a radical, to reflect the fundamental change, the principle proposals, will be exempt from tax, on a cumulative basis, will continue to be available, retains any benefit, to clarify the rules, to be allowed as liabilities, transitional provisions, outright gifts of property, to meet tax liabilities

Ex.2. Match English and Uzbek words and word-combinations which express the same meaning in the list.

proposal, life time gifts, a radical step, bring into line, estate duty, a fundamental change, a capital transfer tax, administrative provisions, donor’s death, cumulation period, gifts out of income, inter-spouse transfers, to clarify the rules, beneficiary, estate owners, life assurance

ҳадя тортиқ қилувчининг вафоти, кўчмас мулк эгаси, қоидага аниқлик киритмоқ, рафиқаси орқали мол-мулкини ўтказмоқ, ҳаётни суғурталаш сиёсати, таклиф, мувофиқлаштирмоқ, муҳим қадам, фундаментал ўзгаришлар, бошқарув қарори, ҳадялар, ҳаёт давомида амалга оширилган, жамғарма давр, ўз даромадидан бажарилган, мерос божи, киритилган сармоя солиғи, шахс, хайр-эҳсон маблағи

Ex.3. Translate the following sentences into Uzbek.

1. The proposal to abolish the tax on life time gifts was an important step.
2. Renaming of capital transfer tax reflects its new role.
3. Most of the capital transfer tax administrative provisions were abolished.
4. Outright gifts will be exempt from tax where the gift is made less than 7 years before the donor’s death.
5. Cumulation period for chargeable transfers was not reduced.
6. The tax will stop to be charged on a cumulative basis.
7. The existing exemptions and reliefs will be abolished.
8. New “gifts were reservation” are introduced.
9. The new legislation makes the rules more complex.
10. Life assurance will have a new role in future.

Ex.4. Translate the word-combinations into Uzbek paying attention to the translation of noun which functions attributive. For example: *income tax – жисмоний шахслар даромад солиғи.*

net income, company taxation, corporation taxation, stock market, group tax, head office, development areas, tax control, management contract, tax break, board member, board meeting, resident company, home country, host country, tax treatment, tax exemption

Ex.5. Paraphrase the following word-combinations as the example. *Example: a tax payer – one who pays taxes*

- a car owner –
- a house owner –
- a shareholder –
- a book-keeper –
- a wage earner –
- a money raiser –
- a money waster –
- a money maker –
- a tax assessor –
- an assistant manager –

Ex.6. Question for discussion.

Do you think a company is a separate taxable body distinct from its owners? What do you think governments do you think governments do something to encourage the work of companies?

Ex.7. Find and underline the gerund in following sentences. Translate the sentences into Uzbek paying attention to the forms and functions of gerund.

1. Smoking and drinking may be discouraged by having high levels of tax imposed on them.
2. By transferring some resources to the central pool, communal projects for the common good can be paid for.
3. As tax is deducted before salary or wages are paid, avoiding payment is difficult.
4. Problems in collecting a once-a-year lump sum have persuaded many governments to use some form of PAYE.
5. Lower-paid workers have some difficulty in finding a lump sum.
6. A flat-rate head tax is the least popular means available for relieving people of their money.
7. Giving away a valuable painting, say, will not mean that capital gains tax (CGTI is escaped: its value will be assessed and taxed accordingly.

8. The impact of CGT can be minimized in any one tax year by balancing out gains and losses.
9. Inheritance taxes can be avoided altogether by giving assets away.
10. In considering company taxation it is important to remember that a company is a separate taxable body.
11. There is little to be gained from going into the mechanics of how corporation taxes are paid.
12. The home-country may respond by limiting the amount of investment.
13. Before repatriating the dividends, foreign investors pay withholding tax.
14. Central or local state authorities are responsible for fixing a sales tax.
15. Besides paying VAT people pay sales taxes.

Ex.8. From what kind of word-formation derived the following words?. Identify the types of suffixes and translate the words into Uzbek.

1. owner, holder, governor, tax-payer, assessor, registrator, stimulator, separator, investor, manager.
2. (a) requirement, development, payment, government, assessment, investment, management;
- (b) difference, allowance, residence, reference, transference, assistance, inheritance, appearance;
- (c) exemption, determination, corporation, stimulation, location, extension, taxation, depression, separation, limitation, repatriation, registration, consideration

Ex.9. Write a brief essay about the topic “Methods of Taxation in My Country”.

- **Read and translate texts “Double Taxation Relief Agreements” and “Non-Residents”:** What are the benefits of DTR

TEXT

DOUBLE TAXATION RELIEF AGREEMENTS

In an attempt to ensure that individuals and companies are not taxed twice simply by accident of the location of the income, governments have set up a series of what are called DTR agreements or treaties. What happens is that the bill of any overseas income is set against the bill which is due on the total income in the resident's (whether an individual or a corporation) country. Only the balance is paid.

In a case, however where the tax bill in the residence country is lower than that paid on overseas earnings there is no rebate. There is simply no tax to pay in the home country. This is the normal type of DTR agreement, though some are more comprehensive than others. DTR agreements have the additional benefit of helping to prevent tax evasion.

Under some DTR agreements certain types of income are taxable only in one of the countries who have signed the agreement. This is the case, for instance, in the

agreement between Malaysia and Singapore, where income taxed in one country is completely tax-free in the other. The reason is the historical link between the two countries. Companies have shareholders in both countries and tax is payable in the country which the company is resident. Individuals living in one country may work in the other, and such cases will pay the tax in the country in which they work. In cases where income is taxable in both countries the overseas tax is normally allowed as a credit against the domestic tax due.

In cases where no DTR agreement exists between countries, raising the unpleasant prospect of double taxation, there may be what is called “unilateral relief”. Under it, overseas paid may be deducted in computing the overseas income taxable in the resident’s country. This is not always the case, however.

(from “Guide to International Finance” by Alen M.)

Vocabulary list you may need

| | |
|------------------------------------|--------------------------------|
| ensure – кафолатламоқ, таъминламоқ | agreement - келишув |
| balance – қолдиқ, сальдо | domestic - ички |
| rebate - чегирма | overeas – денгиз/чегара орти |
| unilateral – бир томонлама | comprehensive – кенг қамровли |
| prevent – олдини олмақ | taxable – солиққа тортиладиган |

Ex.1. Try to find the sentences with the following words and translate them into Uzbek.

location of the income, the total income, rebate, to prevent tax evasion, to sign the agreement, shareholders, the domestic tax, a unilateral relief

Ex.2. Identify that which English and Uzbek words match each other.

attempt, location, set up, treaty, bill, overseas, earnings, taxable, to sign, link, shareholder, prospect, double taxation, to deduct, to compute

тузатмоқ, имзоламоқ, ҳисоблмақ, акционер, хорижий, уриниш, белгиламоқ, икки ёқлама солиққа тортиш, солиққа тортиладиган, жойлашган, келишув, ишлаб топмоқ, ҳисоб, алоқа, истиқбол

Ex.3. Answer the questions according to the text.

1. What is done not to tax companies and individuals twice?
2. What is the normal provision of DTR agreement?
3. How is DTR agreement connected with tax evasion?
4. What is specific about DTR agreement between Malaysia and Singapore and why?
5. What is the usual practice where income is taxable in both countries?
6. What does “unilateral relief” mean?

Ex.4. Retell the content of the text “Double Taxation Relief Agreement”.

- **Read and translate the text “Non-Resident” into Uzbek.**

**TEXT
NON-RESIDENT**

People can be working and earning in a country but not be resident there. The definition of the resident varies, but, commonly, living continuously for about half a year in a country brings resident status. It can happen, however, that a person may be resident in two countries. For example, the rules of a country may demand that to cease to be resident, the individual must be out of the country for a full tax year, apart from brief visits. This is the case for the UK, though there is total relief from UK tax if the individual spends a full 12 consecutive months outside the UK. In contrast, a foreigner living in the UK becomes a UK resident for tax purposes in any year of assessment if he or she spends six months there. The DTR agreement may avoid double tax in these cases, but it is wise to discuss with the tax authorities of the two involved what is the , most tax – efficient way to proceed. Non-residents may not be taxed on any income they may have arising in a country, though whether or not it will be taxable in their resident country will depend on whether the latter has a global or territorial system of taxation. On the other hand, non-residents may be taxed at a single, often high flat rate on anything they earn in the country where they are temporarily working.

(from “Guide to International Finance” by Alen M.)

- **Compare condition of getting residential status in Uzbekistan, Russia and UK. In what condition taxes are imposed by resident in Uzbekistan or vice-versa, exempt from taxes. Compare it with the condition of GB in the table below.**

Resident Status

| Uzbekistan | Russia | UK |
|------------|--------|----|
| | | |
| | | |
| | | |

Tax Assessment

| Uzbekistan | Russia | UK |
|------------|--------|----|
|------------|--------|----|

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|--|--|--|
| | | |
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| | | |

- **Read and translate the text “Basic Principles For Taxation System”. Answer the question: What taxes and Taxation System: What taxes and taxation systems were introduced on the grounds of these principles?**

TEXT
BASIC PRINCIPLES OF TAXATION SYSTEM

Adam Smith laid down certain canons of taxation which are still generally as basic principles for a system of taxation. They are the principles of equity, certainty, convenience and economy.

Equity

There must be equality of sacrifice. This implies that the burden of taxation should be distributed according to people’s ability to pay. Smith thought that proportional taxes would satisfy this criterion, but nowadays it is generally accepted that progressive taxes are the most equitable type of tax.

The capital gains tax was introduced on grounds of equity. It was felt that a capital gain obtained by speculation in share or commodity markets should be subject to taxation in the same was as income earned on the factory floor.

Certainty

The tax payer should know how much tax he has to pay, when it must be paid, and how it must be paid. He should be able to assess his tax liability from information provided and should not be subject to tax demands made in an arbitrary fashion. In theory, the British system of taxation satisfies these requirements – all the necessary information is available to taxpayers, but the tax laws have become so complex and extensive that it is sometimes difficult for the average man to be certain of all his rights and responsibilities.

Convenience

Taxes must be collected in a convenient form and at a convenient time. The Pay As You Earn (PAYE) system of tax collection is probably the most convenient method in general use. Under the previous system income tax was paid in arrears – the tax on the income earned in one period was payable in the following period.

Taxes are paid in money and generally speaking this is the most convenient form of making tax payments. Some difficulties arise, however, when taxes are levied on wealth, the majority of which will not be held in the form of money.

Economy

The costs of collection and administration should be small in relation to the total revenue. This requirement often conflicts with that of equity. The “fairest” system of taxation would involve casting the net so widely and so carefully that collection costs would be disproportionately high.

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

Vocabulary list you may need

| | |
|------------------------------|----------------------------------|
| lay down – киритмоқ (асосни) | obtain - олмақ |
| equity - холислик | commodity - товар |
| equitable - адолатли | demand - талаб |
| certainty - аниқлик | arbitrary - эркин |
| convenience - қулайлик | satisfy - қониқтирмоқ |
| equality – тенгликлар | quirement - талаб |
| sacrifice – қурбон | extensive - кенг |
| imply - англамоқ | arrears – боқиманда |
| criterion - мезон | average - ўртача |
| criteria pl. - мезонлар | assess – нархда/баҳода ҳисобамоқ |

Ex.1. Answer the questions according to the text.

1. Who laid down the basic principles for a taxation system?
2. What are the basic principles for a system of taxation?
3. What does the principle of equity mean?
4. What taxes did Adam Smith think satisfied the criterion?
5. Why type of taxes are considered the most equitable nowadays?
6. What tax was introduced on the grounds of equity?
7. What does the principle of certainty mean?
8. Does the British tax system satisfy this demand?
9. What does the principle of convenience mean?
10. What is the most convenient method of tax collection which is in general use?
11. How was income tax paid under the previous system?
12. What is the most convenient form of tax payment?
13. When do difficulties arise to pay taxes in money?

Ex.2. Find English equivalents of the following Uzbek word-combinations from the text above.

мўлжалламоқ, солиқ мажбуриятлари, цехда ишланган, солиқ тўловчиларга керак маълумотлар, оддий камтарин одам, олдинги тизимга мувофиқ, олдинги сана орқали тўламоқ, қийинчилик юзага келмоқ, солиқ йиғимлари учун ҳаражатлар, солиқ тўлаш муносабати билан

Ex.3. Make up word-combinations from the words which are in three columns and translate them into Uzbek.

| | | |
|--------------|--------------|--------------------|
| sacrifice | market | equity |
| tax | demands | obtain |
| proportional | payments | commodity |
| satisfy | capital gain | disproportionately |
| equitable | income | earned |
| tax | total | principle |
| make | cast | information |
| available | form | type of tax |
| convenient | burden | use |
| general | liability | market |
| difficulties | type | capital gain |
| net | high | revenue |

Ex.4. Find synonyms of the following words from the text.

universal principles, to meet the requirements, fair type of tax, to get, on basis, goods, liable to taxation, to calculate the tax, to offer information, general practice, difficulties appear, compared with, overall

Ex.5. Analyze forms of passive voice in the following sentences and translate them into Uzbek.

1. If certain canons of taxation were not universal, they could not serve as basic principles for a system of taxation.
2. If the government had followed the basic principles for a system of taxation, the economic effects of taxation would have been greater then.
3. It is necessary that there should be equality of sacrifice.
4. If the burden of taxation were distributed according to people's ability to pay, the principle of equity could work.
5. It is required that the capital gains tax should work on grounds of equity.
6. It is necessary that a capital gain obtained by speculation in share or commodity markets be subject to taxation in the same way as income earned on the factory floor.
7. It is important that the tax payer should know how much tax he has to pay.
8. It is necessary that the tax payer be able to assess his tax liability from information provided.
9. If the system satisfied these requirements, all the necessary information would be available to tax payers.
10. If the tax laws had not become so complex, it would not be difficult for the average man to be certain of all his rights and responsibilities.
11. Taxes should be collected in a convenient form and at a convenient time.

12. If wealth were not held in the form of shares in a private company, they could be offered for sale to the general public.
13. The costs of collection and administration should be small in relation to the total revenue.
14. In some cases this requirement would conflict with that of equity.
15. The “fairest” system of taxation would involve casting the net so widely and so carefully that collection costs would be high.
16. Taxes would reduce the disposable income of firms and households.

Ex.6. Paraphrase the sentences

1. The amount of money paid should depend on the ability to pay.
2. Progressive taxes reflect the principle of equity to the full.
3. The tax payer should be aware of everything concerning the taxes he pays.
4. The tax payer should be able to calculate the taxes he/she is to pay.
5. The British system of taxation keeps up with the basic principle for a system of taxation.
6. Common people may have problems with assessing taxes.
7. The PAYE system is the most wide-spread.
8. People may face problems when paying wealth taxes.
9. The money spent on collecting taxes should be much smaller than the collected sum.
10. It is sometimes difficult to observe equity and economy at the same time.

Ex.7. Translate the sentences into English.

1. Солиққа тортиш тамойиллари анча йиллар олдин ишлаб чиқилган бўлса-да, ҳалигача ўз хусусиятларини йўқотгани йўқ.
2. Солиққа тортишда бирламчи тамойил, бу адолатликдир.
3. Адолатлик тамойили деганда, солиқ тўловчининг тўлов қобилиятини ҳисобга олиш назарда тутилади.
4. Ҳозирги кунда бу тамойил ўсувчи солиқ турини тўлашда аҳамиятлидир.
5. Аниқлик тамойили дейилганда эса, солиқ тўловчи қачон, қандай, қанча солиқ тўлашини билиши лозимлиги тушунилади.
6. Барча солиқ тўловчилар ўзларининг солиқ мажбуриятлари билан боғлиқ зарур ахборотларни билиши талаб этилади.
7. Солиқ тизимидаги қулайлик тамойилида эса, солиқлар қулай шаклда ва қулай вақтда ундирилиши эътиборга олинishi керак.
8. Солиқларни йиғишнинг энг қулай ва кенг тарқалган усули бу, ойлик-маошдан ушлаб қолинишидир.
9. Замонавий солиқчи ходимлардан янги солиқ қонунчилигини пухта ўзлаштириб борилиши талаб этилади.

Ex.8. Question for discussion.

1. How must be the basic principles of taxation system?
2. Why is it important to observe them?

Ex.9. Translate the following words and make up your own sentences.

indirect tax, indifferent, increase, decrease, self-employed, zero-rated, uniform, impossible, regardless, however, nevertheless, needless, home-ownership, wage-earners, outline, principle, economic effect, capital gains, equity, requirement, property

Ex.10. Find: a) nouns, b) adverbs in the following list.

activity, especially, property, relatively, treatment, simply, widely, efficiently, variety, invariably, directly, locality, repayment, steeply, largely, normally, achievement, removal, closely, inheritance, accordingly, alternatively, difficulty, briefly, ability, shortly, substantially, approximately, entirely, ordinarily

- **Read the text “The Economic Effects of Taxation on the Distribution of Income and Consumption” and answer the question: When is the effect of taxes regressive?**

TEXT

THE ECONOMIC EFFECTS OF TAXATION ON THE DISTRIBUTION OF INCOME AND CONSUMPTION

Taxes will reduce the disposable income of firms and households. When the tax is progressive, the incomes remaining after tax must be less unequally distributed than incomes before tax. Only a proportional tax would leave the distribution of income unchanged. Indirect taxes also affect the distribution of income. The commodities which are subject to heavy taxation are widely consumed and have demands which are inelastic with respect to price. Since the lower income groups tend to spend a greater proportion of their incomes on some of these commodities the effect of the taxes can be regressive. For example, there is evidence that the tax on tobacco is regressive, it takes a higher proportion of the income of the poor than the rich. It appears, the fact, to be getting more regressive because tobacco consumption has fallen among the higher income groups. On the other hand the tax on alcohol seems to act progressively. The higher income groups consume relatively more wines and spirits which are subject to higher rates of tax.

Direct and indirect taxes will affect both the total and the pattern of consumer spending. Direct taxes reduce disposable income, but the effect on consumption will depend upon the propensity to consume and the level of saving. If there is very little saving, direct taxes must reduce consumption. If, however, tax payers are enjoying a relatively high standard of living which enables them to save, an increase in direct

taxes may have relatively little effect on consumption. People may resist any cut in their living standards by reducing saving rather than spending.

Indirect taxes will also reduce the total demand for goods and services, especially where they are imposed on commodities with inelastic demands. Consumers will tend to maintain their consumption of these goods and so they will have less to spend on other goods and services. Again, much depends upon the propensity and the existing levels of saving.

Vocabulary list you may need

| | |
|---------------------------|--------------------------|
| disposal – бир марталик | evidence - далил |
| income - даромад | consumption - истемол |
| consume – истеъмол қилмоқ | propensity to - мойиллик |
| elasticity - эгилувчан | tobacco - тамаки |
| existing- мавжуд | relatively нисбий |

Ex.1. Answer the questions according to the text.

1. What is the effect of taxation on the disposable income?
2. Which of these taxes affect the distribution of income: progressive taxes, proportional taxes or indirect taxes?
3. The effect of what taxes can be regressive? Why?
4. Why are indirect taxes on alcohol less regressive than indirect taxes on tobacco?
5. Does the effect on consumption depend on the reduced disposable income?
6. In what cases do indirect taxes reduce consumption? and when not?
7. What do people usually reduce when there is a cut in their living standards?
8. What kind of demand do indirect taxes reduce?
9. The consumption of what goods do consumers usually keep?
10. What does the situation depend on mostly?

Ex.2. Find English equivalents of the following sentences from the text above.

1. Даромадларнинг тақсимланишида билвосита солиқлар ўз таъсирини кўрсатади.
2. Бевосита солиқлар эса товар-махсулотлар истеъмолига таъсир қилади.
3. Билвосита солиқларни талаб, эҳтиёжлар билан ўзаро боғлиқлиги ҳақида.

Ex.3. State about short content of main factors of the text. Make your own conclusion in Uzbek.

- Read and translate following texts into Uzbek. Entitle text A and write a short summary to it