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Article

Analysis of the Role of Excise Tax in Forming Budget Revenues

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Abstract: The article provides a scientific analysis of the formation of the excise tax system in the Republic of Uzbekistan and its role in ensuring budget revenues. Proposals and recommendations aimed at redistributing excise tax revenues within budget revenues are presented.

Keywords: excise tax, budget revenues, indirect taxes, revenue base, tax policy, regional budget, alcohol market.

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Introduction

A comprehensive analysis of modern practices related to the formation and functioning of the excise taxation mechanism in the Republic of Uzbekistan is of significant importance in assessing the sources of budget revenue formation. In particular, when revealing the economic essence of this tax, it is necessary to take into account not only its fiscal function but also its regulatory and social redistribution functions [1]. As a tax ensuring stable state financial resources, excise tax contributes to the formation of revenues at different levels of the budget system and serves to strengthen the overall financial stability of the state [2].

During the research process, the effectiveness of excise tax rates in Uzbekistan was evaluated, and the factors affecting the dynamics and structure of excise revenues were analyzed [3]. The results of the analysis showed that the policy of indexation of excise rates, expansion of the list of excisable goods, and trends in economic growth were among the key factors ensuring the growth of excise revenues. At the same time, the increasing role and importance of excise revenues within the budget system over the years demonstrates that this type of tax is an important instrument for strengthening the revenue base of the state budget [4].

Methodology

The analysis of the dynamics and structure of excise revenues in the budget of the Republic of Uzbekistan shows that positive growth has been observed in all groups of excisable goods in recent years. This situation is primarily explained by the increase in sales volumes in the excisable goods market, expansion of production scales, and regular indexation of rates. As a result, excise revenues have become a stable source of budget revenues and their share in both total budget revenues and indirect taxes has been increasing.

However, the results of the analysis also indicate that the tendency toward gradual centralization of excise revenues within the state budget has been intensifying. In other words, the major share of excise revenues is directed to the central budget, while the share allocated to local budgets is becoming relatively limited. This negatively affects the financial independence of local budgets and reduces the capacity of regions to expand their economic opportunities and sustainably finance local social expenditures. Especially in

regions with a relatively narrow tax base, the centralization of excise revenues restricts the strengthening of local budget revenue bases.

Results and Discussion

From this perspective, when calculating and evaluating the factors influencing the formation of budgetary and financial resources through excise revenues, it is important to consider the characteristics of each level of the budget system. For example, while the growth of excise revenues serves as a stable source of income for the state budget, for local budgets these revenues may become an important instrument for ensuring regional financial stability through redistribution mechanisms. Therefore, maintaining a balance between centralization and regional interests in excise policy, as well as improving mechanisms aimed at stabilizing the revenue sources of local budgets, remains highly relevant [5].

Overall, the results of the analysis of budget revenue formation based on excise taxation confirm the strategic importance of this type of tax in the country's financial system [6]. On the one hand, excise tax ensures fiscal stability as a stable and predictable source of state budget revenues; on the other hand, its distribution mechanism across regions directly affects the financial capacity of local budgets. Therefore, in addition to ensuring revenue growth, it is necessary to improve the inter-budgetary distribution of excise revenues based on the principles of economic justice and regional stability [7].

The data in Table 1 indicate that state budget revenues in the Republic of Uzbekistan demonstrated a stable growth trend during 2021–2025. In particular, state budget revenues amounted to 164.8 trillion soums in 2021 and are expected to reach 325.1 trillion soums according to the 2025 forecast. This suggests that the effectiveness of tax policy and the increase in economic activity are important factors in the formation of budget revenues [8].

Table 1. Analysis of Tax Revenues from Excisable Goods in the Formation of State Budget Revenues.

No	Indicators	2021	2022	2023	2024	2025 Forecast
1	State budget revenues, trillion soums	164.8	201.9	231.7	274.4	325.1
2	Excise tax revenues, trillion soums	13.1	13.5	15.8	19.0	24.6
3	Natural gas revenues, trillion soums	4.3	4.2	5.5	5.1	6.2
4	Tobacco products, trillion soums	1.9	1.9	2.3	2.9	3.1
5	Alcohol products (including beer), trillion soums	1.69	1.7	2.2	2.3	3.0
6	Petroleum products, billion soums	505.5	576.6	282.6	691.0	855.0
7	Polyethylene products, billion soums	372.1	251.4	215.0	207.0	224.0
8	Mobile communication services, billion soums	1,084.3	868.0	974.9	1,030.0	—
9	Excise tax on the sale of gasoline, diesel fuel, and gas to final consumers, trillion soums	2.9	3.3	3.6	4.7	5.5
10	Sugary and energy drinks, billion soums	—	—	—	634.0	1,153

Source: Law of the Republic of Uzbekistan No. O'RQ-1105 dated December 26, 2025 "On the State Budget of the Republic of Uzbekistan for 2026".

During this period, excise tax revenues also increased significantly. In particular, excise revenues amounted to 13.1 trillion soums in 2021, increased to 19.0 trillion soums in 2024, and are expected to reach 24.6 trillion soums according to the 2025 forecast. This growth demonstrates the increasing fiscal importance of excise tax in forming state budget revenues. At the same time, the increase in excise revenues is associated with the indexation of rates, expansion of the list of excisable goods, and changes in consumption volumes [9].

The structural analysis of excise revenues indicates that the main share of tax revenues is concentrated in several major commodity groups. In particular, revenues from natural gas increased from 4.3 trillion soums in 2021 to 5.5 trillion soums in 2023, and are expected to reach 6.2 trillion soums according to the 2025 forecast. This demonstrates that demand in the energy resources market and tariff policy significantly influence excise revenues [10].

Revenues from tobacco products also show a stable growth trend. While this indicator remained at 1.9 trillion soums during 2021–2022, it increased to 2.9 trillion soums in 2024 and is expected to reach 3.1 trillion soums in the 2025 forecast. This dynamic indicates that excise taxation performs not only a fiscal function but also a social regulatory function, since excise rates on tobacco products often serve public health objectives [11].

Revenues from alcohol products (including beer) increased from 1.69 trillion soums in 2021 to 2.3 trillion soums in 2024 and are expected to reach 3.0 trillion soums according to the 2025 forecast. This means that, together with the growth in production and sales volumes in the alcohol market, changes in excise rates also affected the dynamics of revenues [12].

Within the structure of excise revenues, excise tax collected from the sale of gasoline, diesel fuel, and gas to final consumers also occupies an important place. This indicator amounted to 2.9 trillion soums in 2021, increased to 4.7 trillion soums in 2024, and is expected to reach 5.5 trillion soums in the 2025 forecast. This indicates that transport and logistics activity, fuel consumption, and changes in the energy market significantly affect state budget revenues through excise collections [13].

At the same time, the analysis reveals that stable growth has not been observed for revenues from certain excisable goods. For example, revenues from petroleum products amounted to 576.6 billion soums in 2022, sharply declined to 282.6 billion soums in 2023, later increased to 691.0 billion soums in 2024, and are expected to reach 855.0 billion soums in the 2025 forecast. This demonstrates that import volumes, price fluctuations, and tax administration factors influenced revenue collection [14].

As a newly introduced excisable product category, revenues from sugary and energy drinks amounted to 634.0 billion soums in 2024 and are expected to increase to 1,153 billion soums according to the 2025 forecast. This indicates that expanding the list of excisable goods has created additional sources of state budget revenues [15].

In general, the analysis results show that excise tax is an important and stable source in the formation of state budget revenues, with revenues mainly generated from energy resources, tobacco and alcohol products, and the fuel segment. At the same time, fluctuations in the dynamics of revenues from certain commodity groups indicate the need to further improve excise policy, strengthen tax administration, and optimize rates while considering changes in market conditions.

In conclusion, it can be stated that state budget revenues demonstrated a stable growth trend during 2021–2025, and excise tax revenues continuously increased throughout this period. The increase in excise revenues from 13.1 trillion soums in 2021 to 24.6 trillion soums in the 2025 forecast indicates the strengthening fiscal significance of this tax type.

According to the results of the structural analysis of excise revenues, natural gas, as well as revenues from the sale of gasoline, diesel fuel, and gas to final consumers, stand out as the main driving commodity groups. This indicates that a large share of excise revenues is highly dependent on the energy resources market.

Revenues from tobacco and alcohol products increased steadily over the years, confirming that excise tax serves not only a social regulatory function but also acts as a predictable source of budget revenue.

Sharp fluctuations in the dynamics of revenues were observed in some commodity groups (petroleum products and polyethylene products). This demonstrates that market conditions, import-export volumes, price changes, and tax administration factors significantly influence excise revenues in these segments.

Conclusion

To positively address such problematic issues, the following proposals should be implemented in practice:

- when determining excise rates on tobacco and alcohol products, it is necessary to strengthen a socially oriented approach aimed at protecting public health in addition to fiscal objectives. In particular, a certain portion of revenues from these segments should be directed toward healthcare and preventive programs;
- in order to reduce fluctuations in revenues from commodity groups such as petroleum products and polyethylene, it is necessary to digitalize excise administration, strengthen electronic monitoring of sales volumes, and reinforce mechanisms aimed at reducing the shadow economy;

under conditions of growing revenues from newly introduced excisable goods such as sugary and energy drinks, it is necessary not only to expand the tax base in this direction but also to scientifically optimize rates at a level that does not negatively affect public consumption and market balance.

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