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THE IMPORTANCE OF LAND RENT IN USING OF THE AGRICULTURAL LANDS

Fayzullaev Z.S.
PhD student, “Tashkent Institute of Irrigation and Agricultural Mechanization Engineers” National Research University. E-mail: Zafarfayzullaev01@gmail.com

Abstract: Land relations in agriculture of our country are different compared to other countries, including European and American countries. In Uzbekistan, like the CIS countries, the state plays an important role in the regulation and management of land relations in agriculture. Currently, the organization of efficient use of agricultural land is financial development of farms and optimization of use of agricultural land. As of 2021, the number of agricultural enterprises and organizations in our republic is 112,855, the land area attached to them is 19,450.6 thousand hectares, of which 3,693.8 thousand hectares are irrigated [10]. Also, a total of 907,783 hectares of agricultural land was allocated to 96 agroclusters[12]. It can be seen that the average land area of agricultural enterprises is 172.3 hectares, and the irrigated land valuable for agriculture is 32.7 hectares on average. Of course, land policy in the region is important in organizing effective land use. From this point of view, it is appropriate to take measures to improve the financial condition of farms, to develop and implement a new innovative methodology based on the principles of market economy in the assessment of agricultural land based on land rent and taxation of agricultural land.

Keywords: land tax, tax system, normative value assessment of land, tax benefits, producers of agricultural goods, land rent, rent factors, differential rent I, differential rent II.

I. Introduction: The policy aimed at encouraging the development and modernization of the economy, consistently reducing the tax burden for economic entities and the population, supporting small business and private entrepreneurship, and improving the investment and business environment serves to ensure high macroeconomic indicators.

Agriculture is one of the most important sectors in the economy of our country. It is known that not only satisfying the demand of the population of our country for food products, and the demand of industrial sectors for raw materials, it is considered one of the promising sources that increase the export potential. The issue of agricultural development is recognized as one of the important priorities for the development of the economy of our Republic. In recent years, on the basis of the decree and legal documents adopted by the President of the Republic of Uzbekistan in order to increase the efficiency of agricultural enterprises, positive changes have been made that are beneficial to agricultural enterprises and are in line with the principles of the free market, including the leasing of agricultural land through the free auction system, the cancellation of state plans for agricultural enterprises. state purchases from agricultural enterprises at free market prices, as well as preferential loans allocated to agricultural enterprises for the purpose of introducing modern technologies, not only improve their financial condition, but also create a basis for more efficient and rational use of agricultural land. We can see the results of the positive changes implemented in the numbers, in particular, the total area of irrigated land valuable for agriculture was 3716.9 thousand hectares in 2010 [9] and 3693.8 thousand hectares in 2021 [11]. Although 23,100 hectares of irrigated land in our republic were allocated for other purposes in 11 years, the rate of growth of agricultural production is ensured in our country. In 2021, a total of 303,415.5 billion soums worth of agricultural products were produced in our republic, which increased by 17.5% compared to 2020, and by almost 89.8% compared to 2010[13]. Despite the achievements, there are actual problems in the effective use of agricultural land in our republic.

The widespread implementation of market principles requires an economic mechanism that is effective in developing agricultural production, improving the quality of land, protecting it, and regulating land relations, that is, it serves to create equal opportunities and conditions for all agricultural enterprises. Land tax is an important economic lever for efficient use of agricultural lands and their regulation. The main feature in matters related to the regulation of land relations and the use of land as a limited and non-extractable natural resource is the existence of land rent. Because land rent serves as the basis for determining the amount of land tax, land rent, land value, land valuation, mortgage lending and various payments. The calculation of land tax on the use of agricultural land on the basis of land rent creates equal opportunities for all agricultural enterprises, because the quality of the land, convenient location of the plot of land, geographical conditions are taken into account when assessing agricultural land on the basis of land rent. encourages land users because, given the different quality and location of land plots, the income of each farm is different. In addition, it is necessary to take into account the fiscal characteristics of the land tax, as taxes are the main component of the budget.

III. Research methodology

The methodological basis of the research was formed as a result of the study of theoretical and practical data, laws and other legal documents, economic sources and publications. The research is based on the connection between theory and practice, and methods such as analysis, comparison, and abstract thinking are widely used.

IV. Analysis and results

The concept of land rent was first introduced to science by William Petty, one of the founders and major exponents of the classical economic school. W. Petty calls the difference between the value of the product created in agriculture and the cost of producing it called rent. According to him: land rent is caused by the difference in soil fertility of agricultural land and the location of the plot of land near or far from the market. It can be seen that W. Petty was one of the first to put forward the concept of differential rent [6].

According to the theory of David Ricardo, one of the famous representatives of the classical economic school, he believed that land rent is not a product of nature, but a result of the influence of social factors on the price of agricultural products. For example, farmers spend 100 soums to produce 1 kg of product and sell the product for 150 soums. D. paid the difference of 50 soums. Ricardo calls it land rent.

A. According to Smith's theory, wages are the result of labor productivity, and rent is the result of land productivity [8]. D. Ricardo believes that wages are the result of labor costs, and rent is the result of the diversity of land. Rent does not create value. On the contrary, the amount of rent depends on the level of the market price. "Bread does not become expensive because rent is paid, but rent is paid because bread is expensive... If, even if the landowners renounced all rents, the price of bread would not have decreased at all," writes D. Ricardo [7].

Karl Marx, one of the last representatives of the classical economic school, studied the problems of land rent in detail and in depth and created a theory about rent. He analyzed the land price as an economic category. According to his theory, rent is a form of realization of ownership of land. Because the land area is limited and the land is in the hands of the landowners, the price of production of agricultural products is determined not according to the cost of production on the average land, but on the cost of production on the worst land. The difference between this price and the production price on good (or best) land represents the differential rent. K. Marx analyzed the differential rent and showed that the differential rent depends on the productivity of certain cultivated areas and the amount of capital spent on the land. Differential rent exists in two forms, differential rent I and differential rent II. The difference between the price of products produced on productive land and the price of products produced on less productive land is the basis of differential rent I. In simple terms, the rent received from additional capital expenditure on land is differential rent II [5].

As can be seen from the above, the costs of production of agricultural products on different soils are not the same, for example, production costs on gray soils are much lower than on saline soils. But even if the cultivation of products on poor quality land requires high costs, the products are sold at the price determined by the general market. This is an additional benefit over and above average income for owners of good and medium quality land. Therefore K. Marx pointed out, the surplus profit arising on good and medium quality land is differential rent I. But additional profits can also appear on land of equal quality, if additional capital (techniques, mineral fertilizers, land reclamation, new varieties, etc.) is spent on the land. Karl Marx called the rent formed at the expense of adding additional capital to the plot of land as the second form of differential rent.

It is necessary to formulate the mechanism of taxation of land intended for agricultural purposes, taking into account the place and role of these lands in the economy of our country, as well as their social importance, the limitation of land resources, especially irrigated land in this sector, and the provision of economic stability in proportion to the interests of land users. The material basis of such a mechanism is the rent income generated in agriculture, and the most important thing here is to introduce a fair and effective system of implementation of payment of land use by ensuring interdependence of land tax, land rent and land rent. In this case, firstly, land tax and land rent should be established based on the indicator of the amount of land rent. The practical essence of this mechanism is that in the case of private ownership of land, the land rent should be equal to the land rent, and the land

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tax should not exceed the rent, and if the private owner of the land uses the land himself, the land tax should not be greater than the land rent. creates a basis for the formation of an economically acceptable and fair mechanism. The question arises as to what is the special feature of this mechanism when state ownership of land is implemented. When we look at the existence of state ownership of land in agriculture in Uzbekistan, it is necessary to scientifically describe the material basis of land rent relations.

Currently, the taxation of agricultural land in the Republic of Uzbekistan is determined according to the Decision No. 235 of the Cabinet of Ministers of the Republic of Uzbekistan dated August 28, 2014 "On improving the system for determining the normative value of agricultural arable land" according to the normative value of arable land. From this point of view, the normative value of land is the tax base. According to this decision, the normative value of arable land is determined based on the Regulation "On the procedure for determining the normative value of agricultural arable land". At the beginning of the twelfth letter of the second chapter "Determining the Normative Value" of this regulation, "In determining the normative value, the individual rent-generating factors of agricultural arable land are the intensity of agricultural production, the quality of the soil, the structure of the arable land and the method of water release for irrigation (running water or machine method) is taken into account. However, even if the rent-forming factors are specifically emphasized in this regulation, their consideration and evaluation is fundamentally different from the real situation.

V. Conclusion/recommendations

We consider it expedient to implement the following proposals and recommendations in order to improve the land tax system for the use of agricultural land in our republic:

– development of a methodology for calculating land rent, taking into account the natural and economic indicators of agricultural land;

– determining the main directions regarding the distribution of the rent formed from agricultural land based on the analysis of the factors forming land rent and the economic indicators of our republic;

– Based on the analysis of the regulation "On the procedure for determining the normative value of agricultural arable land", developing a new version of the regulation on determining the normative value of arable land and the procedure for calculating the land rent, taking into account the factors that form land rent;

– development of scientifically based proposals on improving our current legislation within the framework of taxation based on land rent.

Today, the deepening of reforms in the use of land resources and their protection in our country requires, first of all, its legal justification and strengthening, as well as further liberalization of its legal foundations. In this regard, the norms and requirements of the Land Code of the Republic of Uzbekistan and the Tax Code do not meet today's goals and needs, there is a need to develop it in a new version. Taking into account the strong social nature of land resources in our country, the object of national wealth and their use, we should determine the "normative value" of agricultural land, tax it, and organize land lease relations from the point of view of the priority of society's interests. In the basis of the economic mechanism of such an approach, the "normative value" of the land, the land tax and the rent of the land should be connected with the rent based on certain legality.

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