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POSITIVE EXPERIENCES AND LESSONS FROM GLOBAL PRACTICE TAXATION OF SECURITIES TRANSACTIONS

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ABSTRACT
The article examines the positive experiences and lessons of world practice regarding the taxation of transactions related to securities and the possibilities of using them in the Republic of Uzbekistan. The tax issues of the prospects for the introduction of Islamic securities in our country have been studied and recommendations have been developed.
KEY WORDS: *Types Of Securities, Transactions With Securities, Taxation Of Transactions With Securities, Tax Benefits For Transactions With Securities.*

INTRODUCTION

As in all spheres, the issue of effectively adopting the rich positive experiences of foreign countries in tax practices, especially in the system of taxing securities-related operations, is extremely relevant. In this regard, the statement of the President of the Republic of Uzbekistan Sh.M. Mirziyoyev is appropriate: "It is extremely important to develop principles and approaches that have been tested in practice regarding taxation, and to utilize the advanced experiences of other countries in this area"[1].

In this process, we found it necessary to emphasize two important aspects: firstly, no country in the world has a ready-made universal template or recipe for an effective model of tax practice that can be applied in another country without any modifications; secondly, studying foreign experiences allows one to assess the consequences of complexities that arise in particular situations or newly introduced measures.

In global practice, as a result of the development of the securities market, the cross-border form of this activity is becoming popular. It is becoming common for business entities of one country to invest in consumers of another country through the securities market. Numerous scientific research works are being carried out to regulate these processes and develop mechanisms for their taxation. These studies focus on issues such as determining the income of entities engaged in entrepreneurship through securities operations, organizing and maintaining their accounting, preventing double taxation, developing proper taxation mechanisms, and improving existing mechanisms. However, globally, the level of development in this sphere varies across different countries. The taxation mechanisms applied are developed from the perspective of income formation in each country, and issues related to their diversity have not yet found a positive solution.

ANALYSIS OF LITERATURE ON THE TOPIC

The English economist Malcolm James identified two approaches to organizing the tax system, in particular, the taxation of operations related to securities:

- The first is based on the rules published within the framework of national and international legislation (detailed instructions on the calculation and payment of tax payments);
- The latter implies the regulation of taxation principles only by legislation[2].

Studying the comparative characteristics of these approaches, we note that currently the first of them is the priority.

Variants of tax transformation in relation to the conditions of modern changes in the markets for goods, works, and services are reflected in the works of foreign researchers - A.V. Bryzgalin, L.I. Goncharenko, G.A. Gorina, I.V. Gorsky, R. Dornbush, R. Dernberg, V.A. Kashin, I.V. Karavayeva, V.G. Knyazev, E.I. Kulikova, V.G. Panskov, S.G. Pepelyayev, I.A. Peronko, S.F. Sutyrin, S. Fisher, D.G. Chernik, and others.

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In her research work, O. Belomitseva highlighted methodological issues of assessing the effectiveness of tax benefits for private investors in the securities market [3].

In his research work, S.Probin investigated the issues of developing methods for forming the tax base for profit tax in the process of buying and selling securities in exchange and over-the-counter markets, updating the mechanism for taxing operations in the securities market [4].

A. Goloyad studied foreign experience in taxing operations related to securities, and it can be noted that the features of the development of the system of taxation of operations related to securities in developed and developing countries, as well as the effective means and methods used in them, were studied in detail [5].

ANALYSIS AND RESULTS

The study of specialized literature confirms that currently in world tax practice there are four groups of taxation systems and four different models of the tax system of foreign countries (Table 1).

Table 1.
Description of groups of taxation systems in world tax practice and models of tax systems of foreign countries[6].

Groups of taxation systems in global tax practice		
Taxation system group	**Countries in this group**	**Characteristic of the tax system group**
Anglo-Saxon tax system	USA, Great Britain, Australia	The superiority of direct taxes over indirect taxes and the significant role of income tax
Eurocontinental tax system	European countries (Germany, Italy, France, etc.)	Predominance of indirect taxes (leading by VAT) over direct taxes and higher rates of social security contributions
Latin American tax system	Argentina, Bolivia, Brazil, Venezuela, Haiti, Guatemala, Honduras, Dominican Republic, Colombia, Costa Rica, Cuba, Mexico, Nicaragua, Panama, Paraguay, Peru, El Salvador, Uruguay, Ecuador, Chile.	Indirect taxes prevail over direct taxes and form the basis of budget revenues. This system is effective under conditions of high inflation.
Mixed taxation system	Scandinavian countries (Norway, Sweden, Denmark, Finland), developing countries	Although the high level of tax rates is maintained in the model of economic development characteristic of Scandinavian countries, tax deductions are widely used to stimulate priority economic directions through taxes. In developing countries, the main emphasis is placed on tax benefits, which imply an increase in tax revenues as a result of economic development and the formation of an expanded tax base.
Tax system models of foreign countries		
Tax system model	**Countries of this model**	**Characteristic feature of the tax system model**
American model	USA	The country's tax system is distinguished by a very large management system and executive apparatus, including more than 50 thousand independent private tax consultants; the absence of strict centralization in the country's tax system, the presence of 3 levels of the country's tax system, i.e., federal, state, and city taxes, and the complete independence of each level; the presence of a network of volunteer informants who provide information about illegal sources of income.
Japanese model	Japan	Financial, tax, banking, insurance, customs services, and other

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		systems that finance the state budget are regulated under the control of the Ministry of Finance of Japan; In Japan, there is a very high level of patriotism, a sense of loyalty to the country, government bodies, ministries, the company, firm, institution that signed the labor department agreement, and as a result, the absence of staff turnover is not observed, including in the system of tax authorities.
European model	European countries	There is a constant striving for economic unification between European countries. Therefore, if we consider some of their management systems in the economy, they are very close to each other. Therefore, their tax system is called the "European model" in world practice; there are unitary forms of tax activity, which can include unified standards, approaches, interpretations, forms of tax declarations, and working principles.
"Non-standard" model	Small or island states, states with free economic zones (offshore zones), and a number of other states (Cyprus, Luxembourg, Maldives)	Various tax benefits and preferences, as well as "tax holidays," are mainly applied to them.

Taxation of operations carried out in the securities market is one of the main elements of the tax system of most foreign countries. Despite the fact that this topic is given great importance both theoretically and practically, government bodies still face many problems related to this type of tax. In many cases, the emergence of these problems is caused by the emergence of new instruments in financial markets and the development of old ones. The combination of different financial instruments with different risk and profitability parameters often creates problems in relation to state tax policy. When new financial instruments emerge that can improve the well-being of its citizens and increase investment activity in the country, the state tries to encourage investors to invest their existing funds in new instruments through tax incentives for securities transactions. It should be noted that the securities market in foreign countries has been formed for centuries, and after the formation of the securities market, tax legislation was formed and adapted to the new conditions of economic reality.

More than several decades have passed since most countries could not declare themselves as countries with established market economies, and their government bodies, fearing financial dependence on countries receiving investments, negatively perceived the inflow of foreign capital. Significant changes in the situation began in the 1970s, when politicians and economists realized that the inflow of foreign investment was the main factor ensuring high growth of the national economy, and taxes, in turn, had a strong influence on the inflow of foreign capital. Taxation consists of several types of tax payments, including: tax on income in the form of dividends, tax on income of individuals and legal entities, tax on interest and capital gains.

Recently, international tax competition on a global scale has become increasingly evident, which is clearly felt due to the transfer of capital and labor from one country to another, lower taxes in legislation, and more attractive tax incentives. Based on this, most states direct their tax policy towards creating favorable conditions for investing in the national economy of the country.

After all, large investors with sufficient capital, unlike landowners, usually do not need to have any connection with the state and therefore transfer their capital to a country where they can openly conduct their business with the state, they use their property without fear and at the same time pay minimal taxes, which, in turn, significantly saves their budget.
Although there is no consensus among experts on the impact of tax competition on the country's economy, everyone agrees that such competition forces the governments of different countries to improve tax policy and reduce the tax burden. For example, in 1975, the European Commission advocated reducing the minimum corporate tax in European countries to 45%. This proposal failed, as was the attempt in the early 1990s to reduce the minimum corporate tax rate to 30 percent. Currently, the corporate tax rate in the European Union averages 30%.

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Now we will analyze the general approach to taxation of securities market operations used in foreign countries, and also consider some features and examples. A participant in transactions in the securities market may receive income as a result of the following operations: purchase and sale operations; ownership of securities; interest on shares, dividends on bonds, bills of exchange, savings certificates; increase in the value of capital.

In almost all countries of the world, transactions in the securities market are taxed more directly or indirectly. Despite the fact that such taxation exists in various forms, for example, exchange tax, stamp duty, etc., in the economic literature they are combined by a common name - tax on transactions with securities. There are many debates surrounding the idea of taxing transactions with securities. Some experts emphasize that this will increase stability in the financial market, help prevent financial crises, and reduce the volume of excess sales. In addition, one of the main and decisive reasons for the existence and widespread support of taxation for transactions with securities is the significant increase in tax revenues to the country's budget. After all, the number of transactions carried out daily in the securities market is very large, and the volume of financial transactions worldwide is tens of times greater than the volume of trade in goods and services. According to other experts, such taxation reduces the country's investment attractiveness, and as a result, the amount of funds invested in the economy also decreases. This will lead to a slowdown in the development of the country's economy. However, taxation of operations in the securities market is widely used in almost all developed countries.

In the USA, almost all transactions with securities on the stock market are taxed. The tax rate is 0.003%. This tax was adopted in 1934 and its purpose was to cover the costs associated with the activities of the US Securities and Exchange Commission, which is the main regulator of the US financial market. However, the volume of transactions carried out on the stock market grew at such a rate that tax revenues in 1998 amounted to about 1.8 billion US dollars, which is almost 5 times higher than the Commission's expenses for the same period.

In Great Britain, the Financial Services Act introduced a 0.5% stamp duty on securities transactions in 1986. The taxpayer is the buyer of the security. In 1998-99, revenues from this tax amounted to £2.1 billion. The tax on securities operations is also applied in Italy, where it is 0.14% for capital operations and 0.16% for loan operations, while in Denmark the tax rate for joint-stock operations is 0.5%.

Some developed countries of the world do not apply taxation on securities transactions, for example, Germany, Japan, Canada, etc. Income tax on the ownership of securities and the increase in their value is present in the tax system of all developed countries. Taxation is carried out through personal and corporate income tax. In some countries, it is necessary to pay taxes for capital growth. In a number of countries, the object of taxation is the nominal value of securities subject to property tax.

The content of the category of taxation of income from capital is usually understood as a set of relations related to the procedure for determining, calculating, and paying income tax on transactions with securities and other financial assets. Return on capital refers to the return on investments previously made by an investor in the country's financial assets. In developed countries, the taxation of capital income depends on the type of person receiving income from this capital: corporate tax is applied to legal entities, and personal income tax is paid by individuals.

Income in the form of interest and dividends is taxed similarly to other income, such as wages. Due to the existence of the problem of double economic taxation, there are many discussions among experts on the topic of dividend taxation. In order for the investor to receive profit from the investment, the company first pays corporate tax, then, as a tax agent, also pays tax on dividends paid, and only then does the investor receive income. Such a profit-making process cannot please strategic investors.
Many countries, such as Denmark, Italy, Belgium, Korea, and others, apply a lower rate than the standard income tax rate to tax dividends. Thus, these countries ease double taxation of dividends. Luxembourg and Germany provide preferential taxation for individuals, which is manifested in the exemption from taxation of half the amount of dividends. For example, a working person receives dividends in the amount of 10 monetary units from participation in a joint-stock company in addition to their salary, 5 units are taxed, and the remaining 5 units are exempt from tax. In Greece, individuals are completely exempt from paying taxes on dividends received from national companies.

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There is also another benefit that facilitates double taxation of dividends in other countries. This benefit provides a tax credit to individuals, with the help of which the taxpayer can pay corporate tax in full or in part. Countries that provide tax benefits for partial payment of corporate tax include France, Great Britain, and Canada. Full payment is available in Finland, Mexico, Australia, and New Zealand. When paying income tax on interest income, as well as on the increase in the value of assets, many countries use the practice of withholding income tax. In some countries, the same practice is observed when paying dividends to shareholders, for example, in Sweden, Belgium, France, Japan, and Italy, the taxpayer has the right to choose the method of tax payment.

The source of income payment is one of the functions of a tax agent, therefore, when paying income, they not only withhold tax, but also calculate it and transfer it to the country's budget. The meaning of calculating, withholding, and transferring tax to the budget by a tax agent is explained, firstly, by the fact that money enters the country's treasury faster, and secondly, by the fact that it is very difficult for the country's government to control these revenues, which often increases the risk of non-payment or incomplete payment of tax by the taxpayer. In addition, the taxpayer himself may find it difficult to declare this type of income, especially if he is not a resident of the country.

State laws, amendments thereto, and regulations usually specify how a tax agent withholds a tax as a special type of capital income or an individual's income tax. The Directive on taxation of income in the form of savings and deposits has been in effect in the European Union for many years, where the system of taxation of securities transactions has also been improved. The Directive also provides for the exchange of tax information between countries.

Some countries apply capital gains tax along with regular personal income tax, while others include capital gains in the personal income tax base. In Belgium, Bulgaria, and Switzerland, this type of income is not taxed at all. Below, we will consider the taxation of income from operations in the securities market and the taxation of capital income in Great Britain, Italy, and the Netherlands.

Income from the growth of assets for individuals trading in the UK securities market is taxable for the tax period ending on April 5. As a tax base, profit after deducting expenses from income appears. There is also a tax deduction for individuals in the amount of 7,100 pounds sterling, that is, if the taxpayer's profit is less or equal to this amount, they are exempt from paying tax. The tax rate depends on the investor's capital retention period. If the taxpayer has owned shares of a national company for 10 years or more, then the tax rate on income from the growth of shares is equal to zero. If the transfer of valuable assets to a new owner occurs between family members, then this income is also not subject to taxation. If the securities were purchased through the National Program of Individual Savings (Deposit) Accounts, then the income received as a result of owning or selling these securities is taxed at a preferential rate.

If the value of a company's shares increases during the tax period, this income is considered as income received by the company and is subject to corporate tax. Legal entities, unlike individuals, do not have preferential tax rates on income from capital gains. However, they have the right to take into account the inflation index, determined by the state, in their monthly expenses. For individuals who are residents, the law establishes a procedure according to which each taxpayer who owns more than 5% of the company's shares and receives income through the growth of the market value of the company's assets is obliged to pay the full amount of income tax upon the sale of their assets (property).

In Great Britain, a single tax rate of 20% is provided for non-resident individuals receiving income from sources. In this case, the tax is calculated and withheld by the tax agent.
In Italy, the income tax rate arising from asset appreciation, bond interest payments, currency conversion, and securities market agreements will depend on whether the taxpayer is an Italian tax resident. If the tax resident of the country is an individual, the taxpayer pays the tax according to the general rules for personal income tax. For non-residents of the country, this tax is withheld at a rate of 12.5% of the income received by the tax agent, and if the non-resident has a large share in the taxpayer company and made a profit from the sale of his share, the tax agent withholds tax at a rate of 27% from this income.

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If the taxpayer owns securities through intermediaries, he has the right to demand a tax deduction from this income at a rate of 12.5% when transferring his income by the intermediary, and the intermediary is not entitled to disclose from whom the tax was withheld and to whom the income was transferred. Thus, the taxpayer has complete confidentiality with the government of the country, i.e., it is not necessary for them to disclose these revenues when submitting a tax return. In addition, the taxpayer can carry out investment activities through an authorized person who controls all assets located in Italy and is accountable to the taxpayer. The authorized person himself calculates the tax on the taxpayer's received income and transfers it to the budget, while also observing the full confidentiality of the taxpayer with the governments of the country.

For legal entities - tax residents of the country, income from operations with securities is subject to corporate tax at a rate of 37%. If the company sells a controlling stake or a public share of more than 10%, the taxpayer has the right to reduce the rate to 27%. If a legal entity that is not a tax resident in Italy and has a permanent establishment in the country receives income from the increase in the market value of its assets, then income tax on this income is subject to corporate tax on the same terms as tax residents of the country. If the company does not have a permanent establishment in Italy, but has income from sources in Italy, then this income is taxed at a rate of 27% as income from the source of income. If a company carries out a primary placement of its shares on the exchange, then legal entities for carrying out this operation are not subject to taxation; instead, a registration fee of 1% of the amount of the share placement on the exchange is paid. A fixed fee of 200 euros is charged for issuing securities such as bonds, futures, and others.

In the Netherlands, income received in the form of interest on bonds, savings certificates, and other securities, as well as dividends, is included in the taxpayer's gross income tax base. The sale of a resident's share is also included in the income tax base. At the end of the year, the taxpayer must submit a tax return and pay the tax. The tax rate depends on the amount of income received, and its level starts at 25% and ends at 60%. If a resident owns more than 5% of the company's shares, then the income from the sale of their share in the company is taxed at a rate of 25%. For individuals, a tax deduction of 500 euros per family member is provided. Interest income received on ecological coupon bonds is not subject to taxation.

A more specific taxation system is provided for non-residents of the Netherlands. Thus, if a non-resident receives dividends from the territory of the Netherlands, a tax of 25% is withheld from their income. The calculation, withholding, and transfer of tax to the budget are carried out by the tax agent. When selling their shares in companies, non-residents are exempt from paying taxes if their share is less than 5%.

Legal entities include dividends, interest income, and income from increasing the market value of the company's assets in the corporate tax base. If the income is received from a company with a taxpayer's interest of more than 5%, then the company may be exempt from paying corporate tax on income in the form of dividends. If the source of dividend payment is one of the EU countries, then the company may also be exempt from tax deductions. The application of such a measure depends on the ability of companies to meet all the requirements of the EU Council Directive for parent and subsidiary companies.

A customs duty of 1% of the placement amount is charged for the placement of company shares on the securities exchange. The issuance of debt securities, such as bonds, is not subject to taxation.

The fact that Islamic securities - suquq - are being issued in countries with developed economies such as the USA, Great Britain, Luxembourg, Germany, Japan, and France, where the majority of the population is non-Muslim, indicates its growing importance. This, in turn, indicates that this Islamic security can also be introduced in traditional financial markets.
Sukuk is used as one of the convenient tools for ensuring liquidity for institutional investors, such as banks, investment funds, and insurance companies.

By 2023, a total of 1.98 trillion. More than US dollars worth of sukuk were issued[7]. Malaysia accounts for 60.8% of the total global tax emissions carried out by 2023.

Analysis shows that an increase in sukuk emission has a positive impact on economic growth. In our opinion, the issuance of sukuk has a positive impact on the economy due to the following factors: Firstly, from the point of

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view of Sharia, the savings of Muslims who cannot invest in traditional bonds due to the presence of such factors as riba and maysir are effectively used. Secondly, it is a convenient tool for reducing the level of risk through diversification of the investment portfolio. Thirdly, the principle of risk sharing encourages the issuer to implement more investment projects. Fourthly, the development of the securities market supports competition between financial sectors.

When introducing sukuk to the stock market of Uzbekistan, it is advisable to use the Malaysian experience, the concept and methodological aspects of sukuk, the 17th standard of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as well as the technical assistance of the Islamic Development Bank and the Accounting and Auditing Organization for Islamic Financial Institutions.

CONCLUSION

1. Most countries pay special attention to the issue of taxation of operations in the securities market, and one of the main criteria for selecting a country for the placement of its capital is the existing tax regime in it. In general, the objects of taxation of countries are similar. The main differences are in the levels of tax rates, taxation procedures, as well as preferences for investors in the form of tax benefits and discounts. Every year, changes are made to the tax legislation to attract the free funds (capital) of the population into the economy of their country. Therefore, we can confidently say that tax competition between all countries will continue to intensify, and in the meantime, tax systems will be improved.

2. Although interest in Islamic finance, in particular, in sukuk, has been growing in Uzbekistan in recent years, this type of Islamic securities has not been introduced into practice. This type of security serves as an important factor in increasing the accessibility of the capital market for all categories of investors and creating an effective alternative mechanism for lending by the bank and traditional bonds.

3. The study of the current state of regulatory legal acts of Uzbekistan showed the need to introduce amendments and additions to legislative acts for the introduction and effective use of the sukuk instrument in Uzbekistan. Accordingly, for the successful and effective introduction of this financial instrument to the stock market of Uzbekistan, it is important to develop a strategy based on a comprehensive approach, including legislation, personnel issues, and the Sharia Council, and implement it in several stages.

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