

SYSTEMIC PROBLEMS IN ADAPTING NATIONAL TAX LEGISLATION TO THE REQUIREMENTS OF THE GREEN ECONOMY

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ABSTRACT: The transition to a green economy requires significant reforms in national fiscal and legal systems. Tax legislation plays a crucial role in promoting environmental sustainability, encouraging green investments, and supporting resource-efficient economic development. This article examines the systemic problems associated with adapting national tax legislation to the requirements of the green economy. The study analyzes the existing tax framework, identifies institutional and regulatory challenges, and evaluates the extent to which current tax policies support environmental objectives. Particular attention is given to the integration of environmental taxation principles, green fiscal incentives, and sustainable development priorities into national tax legislation. The research highlights the need for comprehensive legal reforms, improved environmental tax administration, and stronger coordination between economic and environmental policies. The findings provide recommendations for enhancing the effectiveness of tax legislation in supporting the transition toward a sustainable and environmentally responsible economy.

Keywords: green economy, tax legislation, environmental taxation, sustainable development, fiscal policy, green incentives, environmental governance, tax reform, ecological sustainability, environmental policy.

INTRODUCTION

In recent decades, environmental challenges such as climate change, biodiversity loss, environmental degradation, and the depletion of natural resources have become major concerns for governments worldwide. These challenges have led to the emergence of the green economy concept, which seeks to balance economic growth with environmental protection and social well-being. The successful implementation of a green economy requires not only technological innovation and environmental awareness but also effective legal and fiscal mechanisms. Tax legislation is one of the most important instruments through which governments influence economic behavior. Through taxes, states can encourage environmentally friendly production, discourage pollution, support renewable energy development, and promote sustainable resource

management. However, in many developing and transition economies, existing tax systems were originally designed to achieve fiscal objectives rather than environmental goals¹. As a result, national tax legislation often struggles to meet the requirements of modern green economic development. Uzbekistan has made significant progress in implementing sustainable development policies and promoting green economic transformation. Nevertheless, several systemic challenges remain in adapting national tax legislation to environmental priorities. These challenges include institutional limitations, insufficient environmental tax incentives, weak integration of ecological objectives into fiscal policy, and the absence of comprehensive mechanisms for evaluating environmental outcomes. The purpose of this study is to identify the major systemic problems in adapting national tax legislation to the requirements of the green economy and to propose strategic directions for improving environmental tax policy and legal regulation.

The role of tax legislation in green economic development

Tax legislation serves as a fundamental component of economic governance. In the context of a green economy, tax policy extends beyond revenue generation and becomes a tool for environmental management². Green-oriented tax systems encourage environmentally responsible behavior by increasing the cost of pollution and rewarding sustainable economic activities. Modern environmental taxation policies aim to achieve several objectives simultaneously. These include reducing environmental degradation, encouraging technological innovation, increasing energy efficiency, and supporting renewable energy development. Therefore, tax legislation must be designed in a way that aligns economic incentives with environmental priorities. Countries that have successfully implemented green tax reforms demonstrate that well-structured tax legislation can significantly contribute to sustainable development. However, achieving this outcome requires a coherent legal framework, effective administration, and clear environmental objectives.

Systemic problems in national tax legislation

One of the major systemic problems is the limited integration of environmental principles into the overall structure of tax legislation. In many cases, environmental considerations remain secondary to fiscal objectives. As a result, tax policies may fail to provide sufficient incentives for environmentally responsible behavior. Another challenge is the absence of comprehensive environmental tax instruments. While certain environmental fees and charges may exist, they often lack a strategic framework

¹ Rasulov A.A. Tabiiy resurslardan samarali foydalanish iqtisodiyoti. Toshkent: Tafakkur, 2021. 232 p.

² Sattorov U.S. Soliq siyosatini takomillashtirishning zamonaviy yo'nalishlari. Toshkent: Moliya, 2022. 258 p.

that connects taxation with long-term environmental goals. This reduces their effectiveness in influencing economic behavior. Institutional fragmentation also creates difficulties³. Environmental agencies and tax authorities frequently operate under separate administrative structures with limited coordination. Consequently, environmental data and tax administration systems may not be fully integrated, making it difficult to assess environmental performance accurately. A further issue involves the lack of differentiated tax treatment based on environmental impact. Enterprises with significantly different environmental footprints may face similar tax obligations, reducing incentives for environmental improvement and technological modernization.

Challenges related to environmental tax incentives

Tax incentives represent an important component of green fiscal policy. However, the design and implementation of environmental tax incentives often face several challenges. One challenge is the limited availability of targeted incentives for green investments⁴. Businesses investing in renewable energy technologies, energy-efficient equipment, and environmental innovation may not receive sufficient fiscal support to offset their initial investment costs. Another problem is the complexity of incentive mechanisms. Complicated administrative procedures may discourage businesses from applying for environmental tax benefits. As a result, the practical impact of such incentives remains limited. Moreover, the effectiveness of tax incentives is not always systematically evaluated. Without proper assessment mechanisms, policymakers may struggle to determine whether incentives are achieving their intended environmental objectives.

Environmental monitoring and tax administration problems⁵

Effective green taxation depends on accurate environmental information. Environmental taxes are typically based on measurable indicators such as emissions, energy consumption, waste generation, and resource use. Therefore, environmental monitoring systems play a crucial role in supporting tax administration. In many cases, however, environmental monitoring systems remain insufficiently developed. Data collection procedures may be fragmented, reporting standards may vary, and technological infrastructure may be limited. These factors reduce the accuracy of environmental taxation and weaken compliance mechanisms. The digital

³ Qodirov B.E. Atrof-muhit iqtisodiyoti va ekologik boshqaruv. Toshkent: Universitet, 2020. 214 p.

⁴ To'rayev N.A. Yashil iqtisodiyot va ekologik xavfsizlik masalalari. Toshkent: Yangi asr avlodi, 2023. 198 p.

⁵ Mamatov A.B. Yashil iqtisodiyotga o'tishning institutsional asoslari. Toshkent: Iqtisodiyot, 2022. 226 p.

transformation of tax administration presents opportunities for improvement. Integrating environmental monitoring systems with digital tax platforms can increase transparency, improve compliance, and enhance policy evaluation. Nevertheless, significant investments in technology and institutional capacity are required to achieve these objectives.

Strategic directions for legislative improvement

Adapting tax legislation to green economy requirements requires a comprehensive reform strategy.

First, environmental objectives should be explicitly integrated into tax legislation. Legal provisions should clearly define environmental priorities and establish mechanisms for achieving them through fiscal policy⁶.

Second, environmental tax instruments should be expanded and diversified. Carbon taxation, resource-use taxes, waste-related taxes, and environmentally differentiated transport taxes can strengthen the environmental effectiveness of the fiscal system.

Third, green tax incentives should be simplified and made more accessible. Clear eligibility criteria and transparent administrative procedures can increase participation and encourage greater investment in environmentally sustainable activities.

Fourth, institutional cooperation between tax authorities, environmental agencies, and economic policymakers should be strengthened. Effective coordination is necessary for developing coherent environmental tax policies and ensuring successful implementation⁷. Finally, environmental tax reforms should be supported by robust monitoring and evaluation mechanisms. Regular assessment of environmental outcomes can help policymakers adjust tax policies and improve their effectiveness over time.

Key systemic problems in adapting national tax legislation to green economy requirements⁸

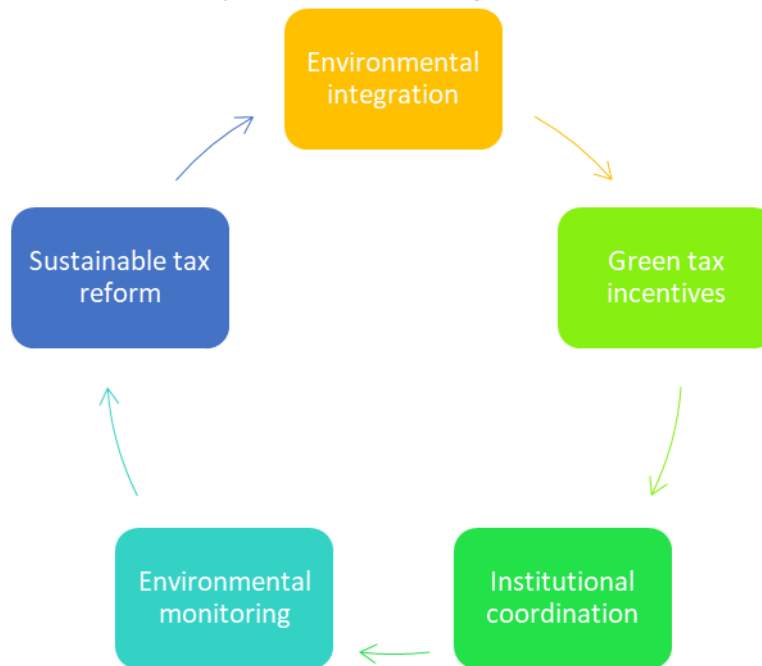
1. **Environmental integration.** Incorporating environmental objectives into national tax legislation and fiscal policy.
2. **Green tax incentives.** Providing tax benefits to encourage renewable energy, green investments, and eco-friendly technologies.

⁶ Karimov S.A. Barqaror rivojlanishning iqtisodiy mexanizmlari. Toshkent: Fan, 2021. 264 p.

⁷ Ergashev U.R. Ekologik siyosat va iqtisodiy islohotlar. Toshkent: Tafakkur Bo'stoni, 2022. 243 p.

⁸ Yuldashev B.X. Soliq tizimi va iqtisodiy taraqqiyot. Toshkent: Moliya, 2020. 312 p.

3. **Institutional coordination.** Strengthening cooperation between tax authorities, environmental agencies, and policymakers.
4. **Environmental monitoring.** Developing reliable systems for measuring emissions, resource use, and environmental performance.
5. **Sustainable tax reform.** Modernizing tax legislation to support long-term environmental sustainability and economic growth.



These five concepts represent the main pillars of adapting tax legislation to green economy requirements. **Environmental Integration** ensures that ecological goals become part of fiscal policy. **Green Tax Incentives** stimulate environmentally responsible investments and innovation. **Institutional Coordination** improves policy implementation and governance efficiency. **Environmental Monitoring** provides accurate data for taxation and policy evaluation. Finally, **Sustainable Tax Reform** creates a balanced legal framework that promotes both environmental protection and economic development.

CONCLUSION

The adaptation of national tax legislation to the requirements of the green economy represents a critical component of sustainable development policy. Modern environmental challenges require fiscal systems that support environmental protection while maintaining economic growth and competitiveness. The study demonstrates that several systemic problems continue to limit the effectiveness of environmental taxation. These include insufficient integration of environmental objectives into tax legislation, limited environmental tax incentives, institutional fragmentation, weak

monitoring systems, and inadequate evaluation mechanisms. Addressing these challenges requires comprehensive legal reforms, stronger institutional cooperation, improved environmental monitoring, and the development of more effective fiscal incentives. A well-designed green taxation framework can encourage sustainable economic behavior, stimulate environmental innovation, and contribute to long-term ecological sustainability. For Uzbekistan, the modernization of tax legislation in accordance with green economy principles can support environmental protection, improve resource efficiency, attract green investments, and strengthen the country's sustainable development agenda.

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