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Abstract: The impact of the tax burden on enterprise investment activity is one of the important scientific issues in the modern economy. This study analyzes the influence of the tax burden on investment decisions using econometric methods. The relevance of the topic is associated with the role of investment in economic growth and the fiscal factors that shape it. The main objective of the study is to reveal the economic essence of the tax burden and to identify the mechanisms through which it affects investment activity. The analysis employed methods of theoretical generalization, comparative analysis, and regression analysis. The results show that an increase in the tax burden reduces the investment activity of enterprises. This effect emerges through a reduction in internal financial resources and an increase in investment risks. In addition, the complexity of the tax system and the insufficient stability of fiscal policy also have a negative impact on the investment environment. According to the conclusions of the study, the effect of the tax burden depends not only on its level but also on its structure and mechanisms of application. The scientific novelty of the research is reflected in the assessment of the impact of the tax burden on investment through a comprehensive econometric approach. Based on the results, proposals have been developed to optimize the tax burden, strengthen investment incentives, and stabilize tax policy.

Keywords: tax burden, enterprise investment, investment activity, tax policy, fiscal policy, econometric analysis, investment decisions, financial resources, economic growth, regression analysis.

INTRODUCTION

In the context of modern economic development, investment activity is regarded as one of the key drivers of economic growth. International practice shows that an increase in investment volume plays an important role in expanding production capacity, accelerating innovative development, and ensuring economic stability. At the same time, the intensity and dynamics of investment processes largely depend on the effectiveness of fiscal policy.

The tax burden, as one of the main instruments of fiscal policy, directly affects the financial activity of enterprises. The level of the tax burden determines the amount of net financial resources remaining at the disposal of enterprises and may either expand or restrict their investment opportunities. Under a high tax burden, the reduction of profit complicates the financing of investment projects, which ultimately leads to a decline in investment activity. However, through the effective organization of tax policy, particularly by means of tax benefits and incentive mechanisms, it is also possible to stimulate investment processes.

At the same time, there is no single conclusion in the economic literature regarding the impact of the tax burden on investment activity. Some studies argue that an increase in the tax burden reduces investment activity, while others emphasize that this effect depends on the structure of the tax system, the effectiveness of fiscal instruments, and institutional conditions. This indicates that the influence of the tax burden on investment decisions is complex and multifactorial in nature.

The empirical aspects of this relationship are insufficiently studied, especially in developing and transition economies. Most studies have been conducted using the experience of developed countries, while the mechanisms through which the tax burden affects investment under conditions

of institutional change and market imperfections have received less attention. This creates a need for additional scientific research in this field.

The purpose of this study is to reveal the economic essence of the tax burden, identify the mechanisms through which it affects enterprise investment activity, and evaluate this relationship using an econometric approach. Based on the results of the study, scientifically grounded proposals will be developed for forming an effective tax policy aimed at stimulating investment activity.

LITERATURE REVIEW

The impact of the tax burden on enterprise investment activity has been widely studied in the economic literature, and this relationship is interpreted through theoretically and empirically contrasting approaches. According to the classical approach, taxes limit capital accumulation by reducing the net profit remaining at the disposal of enterprises (Jorgenson, 1963). This approach was later developed within the framework of the neoclassical model and explained through the relationship between investment decisions and the cost of capital.

According to neoclassical theory, an increase in the tax burden raises the cost of using capital and leads to a decrease in the volume of investment. The model developed by Hall and Jorgenson (1967) demonstrates, on the basis of empirical evidence, the existence of a stable negative relationship between taxes and investment.

At the same time, contemporary research shows that this relationship is not one-dimensional. In particular, Hines (1999) notes that the impact of the tax system on investment decisions is complex and multifactorial. De Mooij and Ederveen (2008), while confirming the existence of a relationship between tax rates and investment, find that the strength and direction of this effect depend significantly on the characteristics of the institutional environment.

Reports by international organizations also identify the complexity of the tax system, the level of administrative burden, and the stability of fiscal policy as important determinants of the investment environment (IMF, 2020; World Bank, 2021). In particular, the predictability of tax policy is recognized as one of the decisive factors in the formation of investment decisions.

Nevertheless, the existing literature is mainly based on macro- and aggregate-level analyses of developed countries. In developing and transition economies, however, the impact of the tax burden on investment activity, particularly through comprehensive econometric assessment based on enterprise-level data, has not been sufficiently examined.

This study aims to fill this scientific gap by evaluating the impact of the tax burden on enterprise investment activity using an econometric model and by systematically identifying the main mechanisms through which it affects investment decisions.

RESEARCH METHODOLOGY

This study uses econometric analysis methods to assess the impact of the tax burden on enterprise investment activity. The research is aimed at identifying the cause-and-effect relationship between variables by combining theoretical approaches with empirical analysis. This approach makes it possible to quantitatively assess the factors affecting investment processes and to determine the mechanisms through which tax policy influences economic activity.

Within the framework of the analysis, investment volume was selected as the dependent variable, while the tax burden was included as the main explanatory variable. The investment indicator was expressed in real terms and transformed logarithmically in order to reduce volatility and interpret the results in the form of elasticity. The level of the tax burden was measured as the ratio of total tax revenues to gross domestic product.

To improve the accuracy of the model, a number of control variables were included. In particular, gross domestic product was used in logarithmic form as the main indicator reflecting the

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level of economic activity. The inflation rate was included in the model as an indicator of macroeconomic stability, taking into account its negative effect on the investment environment. Interest rates were also considered an important factor reflecting the cost of capital in the formation of investment decisions.

The following multivariate regression model was estimated in the study:

$$\ln INV_t = \beta_0 + \beta_1 TAX_t + \beta_2 \ln GDP_t + \beta_3 INF_t + \beta_4 INT_t + \varepsilon_t$$

Here, the logarithmic value of investment is considered as the dependent variable, the tax burden serves as the main independent variable, and the remaining indicators are included in the model as control factors.

The empirical analysis was carried out on the basis of time-series data. The study used data for the period 2005-2023, compiled from international and national statistical sources. The data were brought into a comparable form and deflated in order to eliminate the effect of price changes.

Taking into account the characteristics of time series, the stationarity of the variables was tested using the Augmented Dickey-Fuller (ADF) test. Non-stationary series were transformed into an appropriate form through differencing. Cointegration analysis was applied to determine the existence of a long-term relationship.

The model parameters were estimated using the ordinary least squares (OLS) method. To ensure the reliability of the estimation results, multicollinearity was checked using the Variance Inflation Factor (VIF), heteroskedasticity was tested using the Breusch-Pagan test, and autocorrelation was examined on the basis of the Durbin-Watson statistic.

The overall fit of the model was assessed using the coefficient of determination (R^2) and the F-statistic, while the statistical significance of the parameters was determined using t-statistics and p-values and interpreted together with their economic meaning.

This study has certain limitations. In particular, the limited nature of the database and the exclusion of some institutional factors from the model may affect the degree to which the results can be generalized. In addition, due to the possible existence of a potential endogeneity problem, caution is required when interpreting the results.

RESULTS AND ANALYSIS

The results of the econometric model estimation confirm that the tax burden has a significant effect on enterprise investment activity. According to the regression results, the overall fit of the model is high, and the major share of changes in investment volume is explained by the selected factors. The statistical significance of the model parameters confirms the reliability of the results.

According to the analysis, the coefficient of the tax burden was found to be negative and statistically significant. This means that an increase in the tax burden reduces the financial resources remaining at the disposal of enterprises and restricts their investment activity. This result is consistent with economic theories and empirically confirms the negative impact of the tax burden on investment decisions.

In order to demonstrate this relationship more clearly, Figure 1 presents the relationship between the tax burden and investment growth rates. The diagram shows that the gradual increase in the tax burden is accompanied by a decline in investment growth rates. This inverse relationship visually confirms that an increase in the tax burden reduces the investment opportunities of enterprises.

The gross domestic product indicator produced a positive and statistically significant result. This indicates that economic growth is an important stimulating factor for investment activity. As economic activity increases, new investment opportunities expand for enterprises, which leads to an increase in investment volume.

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The inflation rate was found to have a negative effect, confirming that macroeconomic instability adversely affects investment processes. Under conditions of high inflation, economic uncertainty increases, making it more difficult to make long-term investment decisions.

The impact of interest rates on investment activity also deserves special attention. According to the regression results, the interest rate has a negative effect, meaning that an increase in the cost of capital reduces investment volume. This situation is more clearly illustrated in Figure 2. The diagram shows that investment growth rates are higher during periods when interest rates decline; conversely, an increase in interest rates is accompanied by a decline in investment activity. This confirms the existence of an inverse relationship between interest rates and investment.

Overall, the results show that the impact of the tax burden on investment activity does not occur in isolation but is manifested in interaction with the macroeconomic environment. In particular, under conditions of high economic growth and macroeconomic stability, the negative effect of the tax burden may be relatively mitigated.

At the same time, the study results show that the impact of the tax burden on investment depends not only on its level but also on its interaction with factors such as interest rates, inflation, and overall economic activity. This substantiates the need for a comprehensive and balanced approach in the development of fiscal policy.

CONCLUSION

The results of this study confirm that the tax burden has a systematic and statistically significant effect on enterprise investment activity. The econometric assessment results show that an increase in the tax burden leads to a reduction in investment volume. This relationship is explained by the decrease in internal financial resources remaining at the disposal of enterprises, the limitation of opportunities for financing investment projects, and the increase in the relative cost of capital.

However, the findings of the study show that the impact of the tax burden on investment activity is neither linear nor one-sided. In other words, the effect of the tax burden is shaped not by its absolute level alone, but in relation to the economic environment, the quality of fiscal institutions, and macroeconomic stability. In particular, under conditions of high economic growth, the negative effect of the tax burden may be partially compensated, whereas under conditions of high inflation and high interest rates, this effect becomes stronger.

The empirical results confirm that growth in gross domestic product is one of the main drivers of investment activity. This means that as economic activity expands, new investment opportunities emerge for enterprises. At the same time, increases in inflation and interest rates have a twofold negative effect on the investment environment: on the one hand, they increase the cost of capital, and on the other hand, they intensify economic uncertainty.

The study results show that the impact of fiscal policy on investment processes is realized not only through tax rates but also through the quality of the tax system. In particular, the complexity, frequent changes, and unpredictability of the tax system appear as additional risk factors in investment decision-making. Therefore, in addition to the level of the tax burden, its institutional characteristics are also of great importance.

The study also took into account the possible existence of a potential endogeneity problem. That is, investment activity itself may affect tax revenues and fiscal policy parameters. This indicates the need to use more complex econometric approaches in future studies, including instrumental variables or panel data models.

Based on the obtained results, the following practical and policy recommendations are proposed:

First, a policy of optimizing the tax burden should be implemented. In this regard, the main focus should be not on sharply reducing tax rates, but on ensuring their stability and predictability. A stable fiscal environment encourages long-term investment decisions.

Second, tax instruments aimed at investment should be expanded. In particular, the introduction of tax credits for capital investments, accelerated depreciation mechanisms, and tax incentives for reinvested profits would contribute to increasing investment activity.

Third, simplifying the tax system and reducing the administrative burden are of great importance. The complexity of tax reporting and administrative costs appear as factors that delay investment decisions.

Fourth, coherence between fiscal and monetary policy should be ensured. The investment environment can be stabilized by controlling inflation and maintaining interest rates at an acceptable level.

Fifth, tax policy should be integrated with the economic development strategy. The tax system should be viewed not only as a source of fiscal revenue but also as an instrument for stimulating investment and economic growth.

In general, the results of the study show that enterprise investment activity can be significantly intensified by setting the tax burden at an optimal level, ensuring fiscal policy stability, and improving the macroeconomic environment. These conclusions have important methodological and practical significance for making scientifically grounded decisions in the formation of economic policy.

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