

Article

The Taxation System Improvement in the Formation of the State Budget

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Annotation: The article analyzed the role of the taxation system in the formation of the state budget, mechanisms, methods, advantages, and opportunities in the formation of state and local budgets. On the surface of the topic, the scientific and theoretical views of foreign and domestic scientists were studied. Several problems related to the field were studied and based on them, conclusions and proposals were developed properly.

Keywords: state, budget, local, money, resource, economy, revenue, cost, development, tax, balance sheet, levy, physical and legal entity, production, incentive, population, investment

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1. Introduction

In the modern world, physical education plays an important role and value for society as a whole and for each person individually [4]. Physical development is a key aspect of overall health and physical activity of schoolchildren [1, 2, 3, 5]. The use of table tennis tools for physical development affects their physical fitness, mental state and quality of life in general. This promotes the development of motor skills and social interaction, which has a positive impact on the development of schoolchildren, including children with special educational needs [7, 9, 10].

Taxes are the most important economic category, historically associated with the emergence, existence, and functioning of the state. The method, nature, and scope of mobilization of monetary resources and their expenditure depend on the appropriate state and the stage of economic development of society. Tax is one of the basic concepts of Finance and should be considered as an economic, social, and political phenomenon at the same time. Taxes arise at a high level of community development, there are many definitions of taxes.

The state uses various economic, financial, monetary, and administrative methods of influencing the economy. The tax system, which remains one of the few economic levers in the hands of the state, must solve conflicting and complex tasks:

- 1) Ensuring that all levels of budgets receive sufficient receipts to fund government spending and social programs;

- 2) Stimulate the growth of production volumes;
- 3) Setting priorities and strictly influencing the process of restructuring the entire production sector;
- 4) Assisting those who have minimal opportunities to adapt to new conditions (disabled people, pensioners, families with many children);
- 5) Optimization of state costs, etc..

Budget revenues as an important tool of budgetary policy affect the socio-economic processes in the country, providing, first of all, the level of development of the economy.

An analysis of the elasticity of tax revenues in developed countries testifies to the level of development of their various tax Capacity Production forces, their correctness with unemployment, and the balance of payments balance. In the system of budget regulation, predicting budget revenues is an important component, determining the formation of budget indicators for the future budget period and the mid-term period, ensuring an increase in the efficiency and transparency of budget processes.

2. Literature Review

Fedorova et al. (2006) noted that the volume of revenue from budget revenues is influenced by the tax base on individual taxes, the tax rate, and memory deductions to regional budgets. Strengthening the income base of budget management should be carried out in two directions, that is, by increasing the level of taxes, and providing the base by improving the budget and tax legislation. In solving problems related to the distribution of taxes between Central and local budgets, the following principled approaches can be distinguished:

- 1) The first is the distribution of tax and tax powers;
- 2) The second is the joint use of the tax base (taxpayers pay one tax to different levels of budgets);
- 3) The third is the share of the distribution of income from tax revenues (distribution of taxes between budgets of different levels based on criteria) [1].

Mishina (2010), as a rule, distinguishes two components in the regulation of the budget, namely regulatory taxes (mercenary deductions from high budgets based on Times) and financial assistance from high-standing budgets. In the implementation of budget regulation at the expense of taxes, the interest of local authorities in the full and timely collection of territorial taxes is maintained [2].

According to Govorushina (2014), the state may result in budgets dropping income not only from changes in budget and tax legislation but also from shrinking the financial aid being received. Inefficient organization of Finance generates trends in dependence. Among the main tasks of the budget system lies the principle of independence of local budgets based on the distribution of public monetary resources [3].

According to Dorjdeev (2000), the regulator sees that deductions from taxes should be made in the only way in which they are calculated, rather than allocations of the same amount to all areas, on the issue of whether they are defined in uniform or differential criteria. The establishment of the same number of allocations for all regions from regulatory revenues prevents full-blood execution of the full regulatory function. Differentiated norms provide the opportunity to take into account the characteristics of each area and ensure not only vertical, but also horizontal equalization. However, a

method by which regulatory taxes implement differential criteria on objective grounds is necessary [4].

Khayriddinov (2018) noted that in the formation of the state budget, it is necessary to increase the position of the local budget, and a certain part of the tax amounts on state taxes, which must be levied by the tax system in each region, must be predetermined in the form of income directly attached to the discretion of local budgets, leaving on a fixed, based on the demands of a market economy, local budgets emphasize that it is advisable to prioritize their attached income in ensuring the stability of income bases [5].

A.V.Vahobov, T.S. Malikovs argued that "as long as there is a state, payments to the state budget will also be available. But the form of payments to the budget changes by the tasks set before society at a certain stage" [6].

3. Materials and Methods

In the preparation of this article, methods of analytical analysis, induction, deduction, comparative and statistic analysis of data, and abstraction were used. The article made wider use of analytical and comparative analysis in the study of the importance of taxes in the formation of the state budget. As an object of study, the state budget was taken as an example.

4. Results and Discussion

Taxes are becoming the most effective means of regulating new economic relations. The rational tax system should ensure the proportionality of national, regional, local, and private interests, and promote the development of production, entrepreneurial, and investment activity. Taxes and fees are designed to encourage individuals and legal entities to mitigate the severity of crisis events in the state economy and increase productivity as a mandatory equivalent of fees charged to ensure increased reproduction.

Ensuring the full implementation of the existing taxes and fees and the level of their effective use today, as well as the full use of the available opportunities in this, remains the main task in the formation of income of local budgets based on the socio-economic potential of the regions.

In modern conditions, the role of taxes in the formation of the state budget is a component of the reproduction process. Tasks such as promoting economic growth, regulating population employment, promoting progressive shifts in sectors and territorial structures, and supporting exports have been identified that solve various problems. The specific directions, forms, and scope of state regulation of the economy are determined by the nature and severity of economic and social problems of a certain period in a particular country.

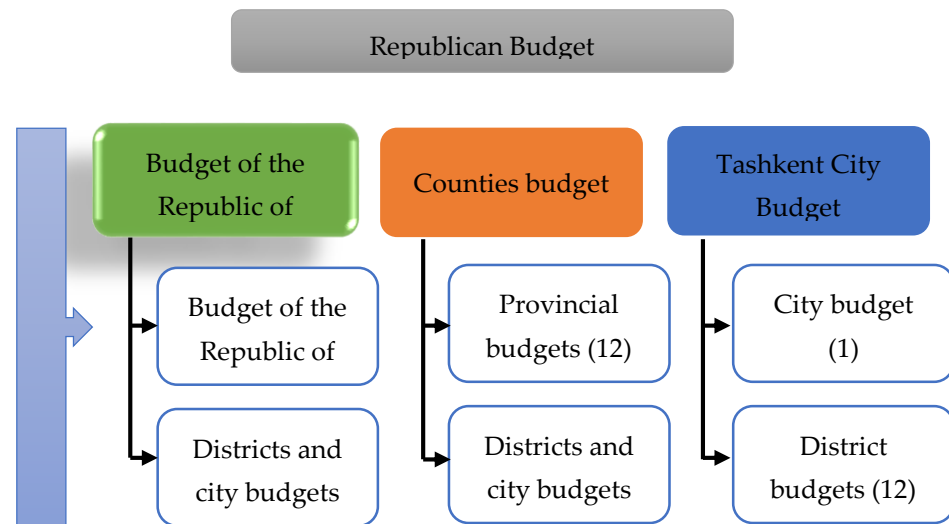


Figure 1. Composition of the Republican budget [7]

The gross domestic product for 2023 was 1,068,044 billion soums. GDP growth rate was 5.3%, the consumer price index was 9.5% compared to December last year.

The limited amount of the consolidated budget deficit in 2023 was set at 3% of the gross domestic product. In 2023, consolidated budget revenues were set at the level of 310.68 trillion soums [8].

The amount of public debt attracted on behalf of the Republic of Uzbekistan and under the guarantee of the Republic of Uzbekistan should not exceed 60% of the annual forecast indicator of the gross domestic product.

For 2023, the limited amount of new agreements to be signed on behalf of the Republic of Uzbekistan and under the guarantee of the Republic of Uzbekistan on attracting foreign debt is 4.5 billion US dollars, of which 2 billion US dollars will be used to support the State budget, including the financing of the State budget deficit. for financing investment projects - amounted to 2.5 billion US dollars.

The limited net volume of state securities to be issued on behalf of the Republic of Uzbekistan for 2023 was set at 17 trillion soums. In this case, government securities issued during the financial year and redeemed in the current year are not included in the limited net volume [8].

Depending on the amount charged to the budget, we can divide budget revenues into two large groups: taxable and tax-free budget revenues. This grouping of budget revenues has always been a cause of debate among economists. Therefore, "today there is no clear, unified concept for determining whether budget revenues belong to the tax or non-tax type"[9].

In terms of budget revenues, they are quite numerous and diverse. According to N.A. Shevelyova, "Such diversity of budget revenues creates the need to classify them in the budget structure" [10]. We can divide the budget income into groups according to different characteristics. Therefore, the classification of budget revenues should reflect the specific features of the formation of such revenues and the mechanism of distribution of revenues between the budgets of the budget system. Article 21 of the Budget Code of the Republic of Uzbekistan defines the rules for the classification of budget revenues of the

budget system. By this article, the classification of revenues of the budget system of the Budget system consists of coding revenues according to their types and sources [11].

The structure classification of revenues of the budget system budgets is classified according to the following groups: classification of sources and levels of funds of the budget system budgets; types of income; organizational classification; regional classification.

To determine which sources and levels of budgets belong to the incoming revenues, the classification of sources and levels of budget funds of the budget system is used.

The type of income consists of a section, a paragraph, and a type of income. In this case, the income section encodes income according to the sources of their receipt, while the income paragraph encodes taxes and other mandatory payments, as well as non-tax payments, according to the basis of their collection. Income type budget system budgets incomes are grouped according to their specific types.

Organizational classification is carried out to identify the office that administers the incoming income. Unlike the organizational classification, the territorial classification is used to identify the administrative-territorial unit to which the incoming income belongs.

The state must constantly maintain a balance by increasing or decreasing the level of intervention in the economy. A market system is primarily flexibility and dynamism in decision-making by consumers and producers. State policy does not have the right to simply lag behind changes in the market system, otherwise, it will turn from an effective stabilizer and regulator into a bureaucratic structure that hinders the development of the economy.

Therefore, tax revenues are the main source of state budget revenues and an effective means of state regulation of socio-economic relations. The ability of the state to effectively fulfill its assigned tasks, i.e. defense capability, internal order and social security of the population, depends on the amount of tax revenues. Taxes are the main method of redistribution of national income, providing the main share of budget revenues. The share of taxes in the income of members of state and local budgets is much smaller. These budgets are formed at the expense of fixed (own) and regulatory revenues.

The source of taxes is national income. The primary distribution of national income is complemented by secondary distribution or redistribution in which taxes play an important role. Taxes involved in the redistribution process of new value are part of a single process of reproduction, a specific form of production relations that constitute their social content. Taxes have a material basis other than the content of the state, they represent the part of money income, national income alienated by the state.

Taxes have a significant share in the revenue part of budgets at different levels. Transfer of tax revenues to different levels of budgets and extra-budgetary funds is carried out in accordance with the procedure and conditions established in the system of legislation on taxes and fees of the Republic of Uzbekistan, as well as in the legislation on taxes and fees.

In 2024, GDP growth of 5.6-5.8 percent is forecasted. It is forecasted that the expected growth rate of the GDP will be provided by the growth of industrial production by 6%, the service sector by 6.1%, and agriculture by 4%[12]. State budget revenues for 2024 (excluding inter-budgetary transfers) are set at 270.3 trillion soums, and expenditures

(excluding inter-budgetary transfers) at 279.6 trillion soums (Appendix 1 of the draft law). Revenues of state trust funds (excluding interbudgetary transfers) are planned to be 55.4 trillion soums, and expenses are planned to be 86.8 trillion soums. In this case, 33.1 trillion soums of transfers from the republic's budget have been allocated to state funds. In particular, it is planned to transfer 16 trillion soums from the State budget, while the extra-budgetary income of the Pension Fund is 46.8 trillion soums, and the expenses are 63.1 trillion soums. To increase the coverage of the budget and ensure its completeness under the international standards of public finance management, from 2021, the expenses planned for state programs from the external debt were included in the consolidated budget. In 2024, these costs are forecasted to be 11.8 trillion soums [12].

In market conditions, taxes have become the main source of income for the state budget of the Republic of Uzbekistan. The financial resources of the state are formed at the expense of tax payments and are collected in its budget and extra-budgetary funds. The economic content of taxes is represented by the relations of economic entities and citizens on the one hand, and the state on the other hand, regarding the formation of public finances. Budget revenues are free and irrevocable funds by the legislation of the Republic of Uzbekistan at the disposal of the state authorities of the Republic of Uzbekistan. According to the Budget Code of the Republic of Uzbekistan, the tax revenues of the state budget include state taxes and fees. Their list and rates are determined by the tax legislation of the Republic of Uzbekistan, and the ratio of allocation of the budget between the budgets of different levels of the budget system of the Republic of Uzbekistan in the order of regulation is approved by the state law of the Republic of Uzbekistan on the tax system[13].

The state actively conducts economic policy through regional budgets. Industry, agriculture, construction and maintenance of highways, and environmental protection are financed based on a provision of regional governments with budget funds. At the same time, the range of funded activities is expanding. With the help of regional budgets, the state adjusts the levels of economic and social development of regions lagging behind other regions of the country according to their indicators as a result of historical, geographical, military, and other conditions.

Regional programs financed from regional budgets are being developed to eliminate this backlog. By the Budget Code of the Republic of Uzbekistan, the revenues of regional budgets are formed at the expense of their own and normative revenues.

Local budgets are of great importance in the implementation of national economic and social tasks - first of all, in the distribution of state funds for the maintenance and development of the social infrastructure of society. These funds go through the system of local budgets, which include more than 29,000 city, district, regional, and village budgets. Implementation of social policy by the state requires large material and financial resources. Local budgets' revenues include land tax; personal property tax, as well as compulsory health insurance funds, funds from extra-budgetary and network funds. They make it possible to show more economic initiatives and increase payments to the budget.

As funds are collected for the budget, budget revenues have a material value for the budget and they form the financial basis of the budget. When analyzing property relations

from a legal point of view, after the distribution of GDP, the right of ownership of budget revenues passes from economic subjects and citizens to the state.

5. Conclusions and Suggestions

If we bring the tax rates to the optimal level in our country, that is, if we implement the income part of the state budget and introduce a more favorable tax rate for entrepreneurs, we will create an opportunity for entrepreneurs operating in our country to increase their investment ability, which in turn will lead to the improvement of social protection by entrepreneurs:

- 1) additional jobs will be created;
- 2) leads to an increase in wages;
- 3) the amount of tax collected from the enterprise will increase relatively;
- 4) local raw materials are widely processed;
- 5) new markets are sought;
- 6) the enterprise focuses on innovation.

In our opinion, it is appropriate to pay special attention to the following in order to strengthen the macroeconomic stability of the country and to improve the tax policy in order to regulate the economy through the stimulating function of taxes:

- 1) To ensure the further development of small business and entrepreneurship in the economy by increasing the incentive function of taxes;
- 2) By further reducing the tax burden on economic entities, to ensure that the funds left at their disposal are directed to the creation of additional jobs, technical modernization, and innovative activities through the expansion of activities;
- 3) Simplifying the calculation and accounting of taxes and improving the mechanism of their collection to the budget;
- 4) Paying special attention to the issues of stimulating the activities of economic entities by providing them through the unification of tax benefits and preferences;

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