

ISSUES OF INCREASING STATE BUDGET REVENUES THROUGH THE DEVELOPMENT OF TAX RELATIONS IN UZBEKISTAN

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Abstract: The ongoing economic reforms in the country are leading to sustainable and balanced economic growth, the development of small business and private entrepreneurship, as well as improving the living standards of the population. The positive results achieved in terms of macroeconomic and financial stability require an in-depth analysis of all spheres of economic life of the society, first of all, the results of ongoing reforms, new processes and qualitative changes, and draw the necessary conclusions.

Keywords: taxation, risk management, Economic Impact, Performance, sustainability.

Introduction

The ongoing economic reforms in the country are leading to sustainable and balanced economic growth, the development of small business and private entrepreneurship, as well as improving the living standards of the population. The positive results achieved in terms of macroeconomic and financial stability require an in-depth analysis of all spheres of economic life of the society, first of all, the results of ongoing reforms, new processes and qualitative changes, and draw the necessary conclusions. The dominant political ideas in the development and implementation of tax policy in the country (views on equality and justice, efficiency and development), economic and social interests (capital, labor, regional policy, ethnic groups, rich, poor) and the main institutions of the period (democratic, decentralized) and economic policy (free trade, protectionism, market conditions). Over time, the interdependence of ideas, interests and state institutions will have a significant impact on important details such as the level of taxation, the principle of taxation and the progressiveness of rates, as well as results such as the tax burden on GDP.

Literature Review

It should be noted that many scholars have conducted research on the importance of taxes, their characteristics and their role in the formation of the budget. In particular, according to Lars P. Feld, Friedrich Schneider, state and local taxation is sometimes

voluntary in determining the rates and bases of local taxes at the local government level, as well as involves the financing of public services at the state and local levels.

Salvatore Bimonte and Arsenio Stabile argues that to develop, regulate, collect various fees and property taxes are the responsibilities of local municipalities. If these tasks are not well implemented and systematically implemented, there may be a mismatch between fiscal policy and urban policy.

Determining the tax potential serves as the only mechanism for making effective decisions on the development strategy of the state and local tax systems. It is recommended to take a number of measures to increase the reliability of the assessment of tax potential:

1. Expanding the right of local authorities to make independent decisions on granting tax benefits;
2. Clear definition of the process of submission of statistical and tax reports;
3. Systematization and consolidation of indicators of tax reporting published by taxpayers by various departments of local authorities;
4. Along with the development of tax culture, the introduction of new directions of debt collection of taxpayers.

Local taxes are also highly valued by intellectual leaders in public finance as an ideal source of income for local governments.

We have to admit that there are problems with collection in local taxes as well. U.A.Berdieva admits that the high level of tax collection is due to high tax ethics and culture and the stability of tax legislation in some countries while the high tax burden on the economy, inefficient benefits and instability of tax legislation low status indicates problems in this system that need to be addressed in other countries.

The activity of local budgets allows to fully meet local needs and is closely linked with the implementation of measures taken by the state in a centralized manner ... Revenues of local budgets are mainly local taxes, mandatory payments, as well as other sources not prohibited by law.

According to O. Meyliev, the role of taxes is important in the development of production in the regions, the revival of investment activity, increasing socio-economic well-being. Therefore, taking into account the specific conditions of each region, the existing opportunities, the adjustment of tax policy to their level of development, the effective use of the tax mechanism to ensure the socio-economic development of the country in the current

conditions of economic liberalization and modernization has risen to the forefront of the ongoing reforms.

Taking into account the views of the above scholars, it should be noted that the study of taxes, especially, local taxes, the development of effective mechanisms for the collection of taxes are important in developing countries today.

Turning to the best foreign experience in this area, taxes in Latin American countries have hardly increased in the last few decades. Some rates (e.g. VAT) increased, but most tariffs (income tax) decreased. There has been some change in the "taxation" (as a share of GDP) policy of most Latin American countries. Latin American countries are rated "below" average per capita income in terms of the size of their public sectors. In Mexico, for example, changes in the tax system over the years have had little effect on the country's GDP growth: it was 10.2% in 1980 and 10.1% in 2004. There are a number of factors that contribute to this situation. In particular, tax reform (1), untimely, temporary measures, (2) administrative intervention, (3) or the above two reasons have led to the artificialization of the system and the ineffectiveness of tax policy reforms. In short, in our opinion, the ongoing tax policy reforms should serve as an important factor in the country's economic growth. Developed countries, in particular the United States and a number of other European countries, have experimented with different lower tax policies that are equally applicable, but different. In recent decades, there have been no similarities in tax levels or structures between the Organization for Economic Co-operation and Development (OECD) countries. They point out that it will take a long time to achieve such economic proximity in the near future. Similarly, it is wrong to expect the same balance to be achieved for all Latin American or other developing countries. As always, the policy of the world's states is different. Scholars argue that it is not the high tax burden that is important, but rather the taxes and taxation and the rational distribution of tax revenues collected. Analyzes show that the need to reach a sufficient consensus with taxpayers has been one of the key principles of the development of democratic institutions for centuries. Indeed, in the era of information and free movement, obtaining a certain level of public consent in the field of taxation is also an important part of Uzbekistan's policy today.

Methodology

This article uses the methods of comparison, scientific abstraction, analysis, synthesis, induction, deduction and other methods to highlight the importance of taxes in the state budget in Uzbekistan. The results can be evaluated by ratios like tax rates, return on

investment, return on assets, return on equity and firm value, income of budget. These terms are also used as a general measure of a firm's overall economic impact over a given period of time, and can be used to compare tax rate and increasing GDP. Economic impact of state budget can be measured by ratio analysis.

Analysis and Results

The new system introduced allows to independently analyze the activities of entrepreneurs and assess the risk of tax offenses, without external interference. Tax risk analysis and assessment of results is carried out through the State Tax Committee's information and communication technologies and an automated analysis system. Tax authorities use a special software product to analyze information about taxpayers from internal and external sources on the basis of developed criteria:

- constant occurrence of tax arrears to the state tax service;
- late submission of reports;
- decrease in revenues from the sale of goods (works, services) in the period after the time survey;
- the difference between the average monthly income relative to the volume of goods received through invoices;
- reduction of the turnover of business entities in the report with the transferred cash (plastic) funds;
- business entities that are not officially registered by the accountant for bookkeeping.

Today it is important to pay attention to budget revenues (Table 1). We can know about the real state of the budget.

Table 1

Budget revenues by tax types (1.10.2021)¹

No	Types of Taxes	1.10.2020	1.10.2021	Share (in percent)	Growth rate (in percent)
Budget revenue, total		72 779	93 767	100	128,8
Including:					
1.	Direct taxes	31 208	43 322	46.2	138.8
2.	Indirect taxes	21 756	27 425	29.2	126.1
3.	Resource payments and property tax	14 853	16 455	17.5	110.8
4.	Public duties and penalties	1 306	2 186	2.3	167.4
5.	Other taxes and fees	3 657	4 378	4,7	119,7

Additionally, share of tax types in total budget revenue comes handy to know about the tax system of Uzbekistan (Figure 1).

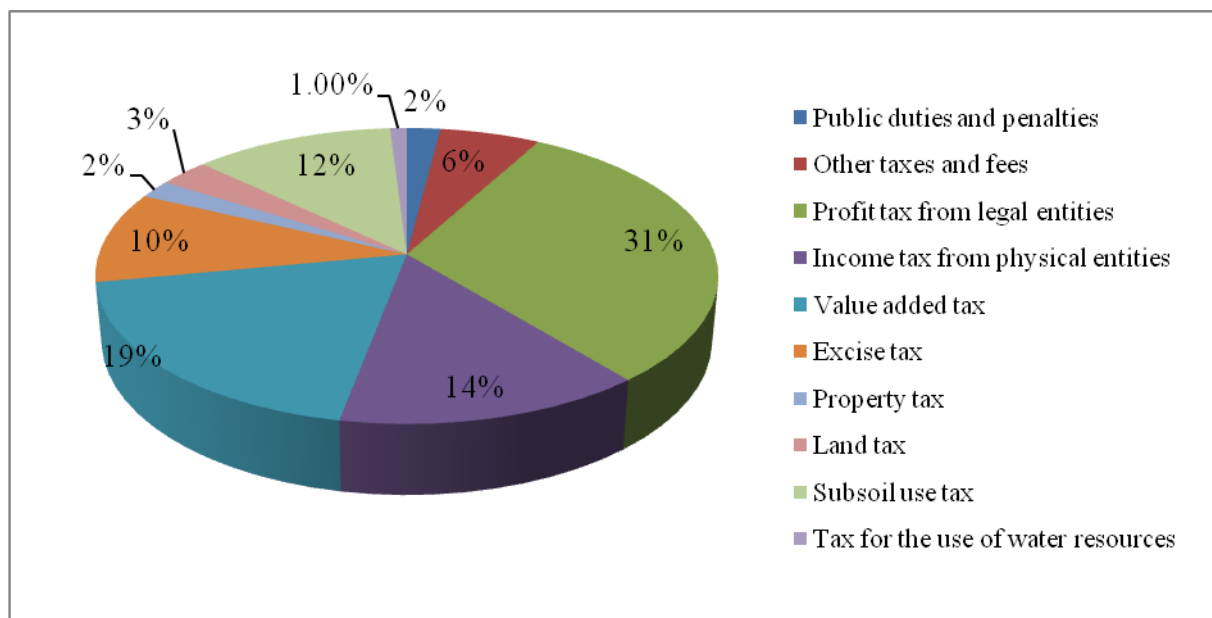


Figure 1. Share of tax types in total revenue as of 1.10.2021 (in percent)²

¹<https://soliq.uz/page/asosiy-korsatkichlar> - the website of The Tax Committee of the Republic of Uzbekistan

²<https://soliq.uz/page/asosiy-korsatkichlar> - the website of The Tax Committee of the Republic of Uzbekistan

The software product conducts a detailed analysis of the data obtained and gives the final result on the level of tax offenses in the scoring system.

Based on the criteria of tax risk through automated software products, businesses that are automatically assessed on a point system are divided into the following three groups based on the level of risk of tax offenses (Figure 2).

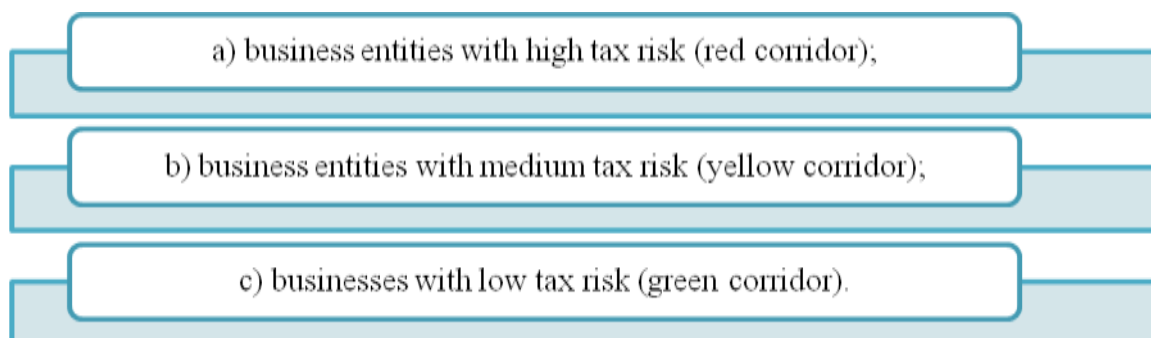


Figure 2. Business groups based on the level of risk of tax offenses

Business entities with high tax risk (red corridor) are notified by the state tax service through the personal account and a tax audit is appointed in accordance with the Tax Code of the Republic of Uzbekistan.

Business entities with a medium risk of committing tax offenses (yellow corridor) are subject to in-house inspections in accordance with the procedure established by the Tax Code of the Republic of Uzbekistan.

The State Tax Service provides services to low-tax businesses in a simplified “green corridor” and does not require inspections.

From January 1, 2022 in taxation system of Uzbekistan, it will be applied followings:

- 1% of the purchase amount registered in the Tax mobile application will be refunded 1% of the QR-code of the check of online control equipment;
- Those who report tax violations to the tax authorities will be fined 20% of the fine;
- There is a requirement to integrate payment systems into the information systems of the tax authorities by connecting them to the online CCR;
- Retailers are required to use special scanners connected to the online cash register to read barcodes and marking codes;
- Profit tax in the amount of not more than 4 times the basic calculation amount for 1 device for the amount of costs associated with the purchase of online CCR and each of the scanners that provide reading of barcodes and marking codes until 01.01.2023, or sole proprietors are given the right to reduce the Personal Income tax amounts;

- Buyers are prohibited from issuing checks on online control techniques that do not reflect MXIC codes;
- Financial sanctions will be lifted for violations identified as a result of in-house tax audits and failure to submit tax returns on time by businesses;
- Social tax rate for sole proprietors operating in districts (except Tashkent) will be reduced by 2 times;
- VAT payers and legal entities with a state share of 50% or more in the charter capital use "E-active" OJSC;
- Due to the fact that the launch of the "e-active" platform is carried out gradually, no action will be taken until July 1, 2022 for improper use of the system.
- Real estate lease agreements are registered in the e-lease system;
- Liquefied natural gas sold by manufacturers is not subject to excise tax;
- The right to defer VAT on imports of natural and liquefied gas to Uzbekistan for up to 120 days;
- The rate of excise tax on mobile services is set at 10%;
- Reimbursement (refund) of the negative amount of VAT is made by notification when submitting the tax return;
- Debts to public catering enterprises on profit, water, land, property taxes and fees as of 15.08.2021, as well as fines and penalties on all taxes from 01.01 to 01.07.2022 lib was given the right to pay;
- Entrepreneurs have the right to defer payment of property and land taxes for 6 months when registering land and real estate with a total area of more than 1,000 square meters;
- A number of tax rates have been set at 1% for some entrepreneurs in Moynak district and 50% for entrepreneurs in Tuproqqala, Yangiariq and Yangibazar districts.

Conclusions

By analyzing the role of taxes in the formation of budget revenues we can draw the following scientific conclusions and recommendations.

First of all, local authorities should be given some freedom in the formation of local tax revenues and the implementation of local budget expenditures. Such freedom will have a positive impact on the socio-economic development of the region.

Second, in international practice, we can see that the composition of local taxes and levies varies across countries. There are also differences in taxable items and taxable bases. The above-mentioned factors should be taken into account in adapting the benefits for our national practice through the study of international experience. Failure to do so could increase the tax burden and adversely affect taxpayers.

Third, the formation of an effective mechanism for taxes should also take into account the tax culture and local conditions, as this is an aspect that affects tax collection.

Fourth, in international practice, the share of local taxes in the state budget in developed countries is sharply higher than in developing countries. It can be said that the share of local taxes in the state budget to some extent reflects the economic development of the country and the level of income of the population.

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