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## THE IMPACT OF THE INCREASE IN THE MINIMUM NON-TAXABLE INCOME ON THE WELFARE OF THE POPULATION

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### Abstract

The article examines the introduction of non-taxable income for individuals, the definition of prospects for the effective organization of tax relations, and provides relevant conclusions, scientific proposals and practical recommendations.

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**Keywords:** *tax reforms, taxes burden, tax benefits, non-taxable income, physical individuals income tax, property tax.*

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### INTRODUCTION

With the formation of modern forms of statehood in human society, the social relations between the state and the population have also risen to a qualitatively new level. In particular, the state has developed methods of interest in the lifestyle and level of citizens based on accurate statistics, observations, social surveys and socio-economic research. At the same time, "poverty line", "subsistence minimum", "minimum subsistence level", "consumer basket", "market basket", "consumer price index", "minimum wage" and "non-taxable income" low-income "socio-economic categories.

Today, in all developed countries and in the vast majority of developing countries, the categories listed above are important elements of the social and macroeconomic policies pursued in these countries. They are used in the development of budget and tax policy, in particular, in the formation of budget revenues, the establishment of a non-taxable minimum, the minimum wage, as well as the amount of state pensions, social benefits, stipends and other social benefits.

The "subsistence minimum" or "minimum subsistence level" represents the poverty line. That is, if a person or family has an income less than the subsistence minimum, such

person (family) is considered poor. \* However, the poverty line is a relative concept that is defined differently in different countries. Such a limit depends on the minimum amount of time required to live in a particular country, if such amount is set in that country. Because not all countries have a subsistence minimum, including Uzbekistan.

### LITERATURE REVIEW

In the theoretical literature and in the legislation of some countries one can find definitions of the subsistence minimum or concepts that illuminate its essence. Although the definitions given to this category are given differently in the literature, they have essentially the same meaning.

According to the Russian scientist Yu. Markov, the subsistence minimum is the minimum amount of income that is considered necessary to ensure a certain standard of living in a particular country<sup>†</sup>. If we pay attention to this definition, it is relatively abstract and expresses a certain level of living. But it is not exactly the limit of survival that is mentioned.

### ANALYSIS AND RESULTS

In our opinion, the following definition can explain the essence of the subsistence minimum more broadly than the previous definition: is the value of the minimum volume of goods and services<sup>‡</sup>. It can be seen that in this definition, the minimum amount needed to maintain a person's normal physiological state and meet his or her primary social and cultural needs is recognized as the subsistence minimum.

As noted above, the concept of subsistence minimum is also defined in the legislation of most countries. In particular, the legislation of the Russian Federation defines the subsistence minimum as "an expression of the value of the consumer basket, as well as mandatory payments and fees <sup>§</sup>. " It is clear from this definition in Russian law that the subsistence minimum is the monetary equivalent of a consumer basket and the sum of mandatory payments and fees that a person must pay during his or her lifetime. This means that the subsistence minimum is not exactly the same thing in terms of value with the consumer basket, but in addition includes the taxes that a person has to pay.

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\*Markov Yu.A. Projitochnyy minimum kak sredstvo borby s bednostyu: illusion or realnost? // V mire nauchnykh otkrytiy. - 2013. - №1.3. - S.90. [Electronic resource] <https://elibrary.ru>

†Markov Yu.A. Projitochnyy minimum kak sredstvo borby s bednostyu: illusion or realnost? // V mire nauchnykh otkrytiy. - 2013. - №1.3. - S.90. [Electronic resource] <https://elibrary.ru>

‡Skuzatova O.G. Finansovaya sushchnost ekonomicheskoy kategorii «projitochnyy minimum» i ee rol v optimizatsii regionalnykh finansov i obespechenii natsionalnoy bezopasnosti // Sborniki konferentsiy NITs Sotsiosfera. - 2012. - №36. - S.57. [Electronic resource] <https://elibrary.ru>

§Federal law RF dated 24.10.1997 №134-FZ «O projitochnom minimume v Rossiyskoy Federatsii»( ed .Ot 28 .12.201 7 ) [Electronic resource] <http://www.consultant.ru>

In the table below, we look at the 10 European countries with the highest subsistence levels.

**Table 1**

**A comparative analysis of the 10 European countries with the highest living standards\*\***

No.	Country	Subsistence minimum (for one month), Euro
1.	Luxembourg	2000
2.	Norway	1500
3.	Germany	1240
4.	Finland	1170
5.	United Kingdom	1087
6.	The Netherlands	1080
7.	France	1030
8.	Belgium	1030
9.	Austria	1010
10.	Sweden	1000

As can be seen, Luxembourg is the country with the highest subsistence level in Europe. This is because Luxembourg is a country with a small population but highly developed industry and financial institutions.

The second place in this ranking is occupied by Germany. Despite the fact that the economy has weakened significantly in recent years due to a slight decline in exports, today the country has a stable economy.

At the end of 2017, the minimum monthly living wage in Finland was 1,170 euros. This amount includes all payments, including taxes, the cost of clothing and food.

The UK is also one of the countries in Europe with a high standard of living. Very high wage levels are observed in the UK in particular. Here, people can earn an average of £ 35,000 a year. That means about 39,300 euros a year. The average monthly salary in the UK is 3,200 euros . In addition, the country is characterized by its very strong social policy. In the UK, the unemployed are paid an unemployment benefit of at least € 125 a week.

Norway is also one of the countries with the highest subsistence level. This figure averages 1,500 euros per month across the country.

\*\* [www.oecd.org](http://www.oecd.org)

The subsistence minimum in France is 1,030 euros, about three times lower than the average monthly wage of ordinary workers. Workers in this country will earn an average of 3,200-3,600 euros per month in 2018.

The subsistence minimum in Austria is twice the national average monthly wage of 1,010 euros per month.

The subsistence minimum in Sweden is 1,000 euros and the minimum wage is more than 2,000 euros. The unemployment rate in this country is very low and the number of unemployed people is very low. However, if a person is unemployed, he will be paid an unemployment benefit of 280 euros per month.

While the subsistence minimum set in European countries such as Italy, Spain, Switzerland and Greece is less than 1,000 euros per month, we see that it is a significant amount compared to the rest of Europe. In Italy, in particular, the figure is 855 euros per month, second only to the top ten countries in Europe in terms of the cost of living.

Recently, there have been reports in the Uzbek media that the concepts of "consumer basket" and "living wage" have been adopted in our country. It was noted that the introduction of these terms is provided for in the draft State Program for 2018, which has been put up for public discussion, and these categories are planned <sup>††</sup>to be implemented by July 1, 2018 . However, the development of these categories was again removed from the agenda.

It was noted that the introduction of these concepts in consumption serves to ensure the balance of real incomes, salaries, pensions, social benefits and other payments with the "consumer basket" and "the amount needed for subsistence."

The subsistence minimum and the underlying consumption basket can be calculated differently in different countries. It should be noted that Uzbekistan does not yet have any officially adopted methodology for calculating the consumer basket or subsistence minimum. Almost no research has been done on this.

An article by Uzbek expert D. Ismailova, published in the electronic edition of *Biznes-daily*, reflects the results of a study to determine the composition of the consumer basket.<sup>††</sup>The survey involved 100 citizens living in Tashkent. At the same time, their consumption expenditures and needs were determined on the basis of surveys. The data obtained were compared and the composition of the consumer basket was developed based

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<sup>††</sup><https://daryo.uz>

<sup>††</sup>Ismailova D. Consumer basket and actual subsistence minimum in Uzbekistan // [Electronic resource] <http://www.biznes-daily.uz>

on the average consumer prices in the markets and supermarkets in Tashkent. The consumer basket was created as of April 2017 and includes 100 types of consumer goods according to the CPI standard. This consumer basket is developed for the following socio-demographic groups of the population:

1. Men aged 16 to 59 years.
2. Women aged 16 to 54 years.
3. People of retirement age.
4. Children under 6 years of age.
5. Children from 7 to 15 years.

Thus, the subsistence minimum, which includes consumer goods, medicines, clothing, utilities and local taxes, is as follows for the socio-demographic groups of the population:

1. Men - 1011612 soums.
2. Women - 1122378 soums.
3. People of retirement age - 1076273 soums.
4. Children under 6 years old - 1062753 soums.
5. Children from 7 to 15 years - 1125849 soums.

According to the researchers, the minimum old-age pension is 1005,500 soums, the minimum monthly salary for women with two children is 3308,600 soums, the minimum monthly salary for men with three dependents is 4,267,600 soums, the unemployment benefit is 1,100,000 soums, and the allowance for children under 3 is 1,049,800 soums.<sup>§§</sup>

From the above, we can conclude that the minimum amount of non-taxable income of citizens in Uzbekistan in the current situation should be set at least 1,000,000 soums.

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