

A Mechanism for Increasing the Efficiency of Tax Collection in Forming the Local Budget Revenue Base

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ABSTRACT

In this article, in the era of digital economy, the impact of local budget revenues on the basis of socio-economic indicators of regional development, increasing the base of tax revenues of local budgets, finding effective ways of their formation, as well as solving these problems, forming budget revenues and simultaneously ensuring revenue receipts, are discussed in this article. Wide use of regulation methods in operation and increasing the income of local budgets, first of all, ensuring the financial stability of the local budget, and secondly, issues of importance in the social and economic development of the region were considered.

INTRODUCTION

The budget policy in the field of formation of local budget revenue is considered as an effective regulatory tool. In the conditions of instability in the developing world economy, the importance of tax revenues in the formation of the annual budget in the practice of countries is increasing. Fiscal actions in tax revenue are fiscal policy for stability and solving external debt problems. In the current period, issues such as the development and justification of optimal ways of developing the budget based on specific socio-economic conditions and perspective assessments are increasing the relevance of the topic.

In the context of increasing global integration and competition in the world, the importance of scientific researches on improving the income of the state budget is increasing. Also, "land and property taxes as the main source of income for local budgets, in countries such as France, Sweden, the USA, high priority is given to the issues of taxation of real estate objects, and in countries such as Germany, Canada, the Netherlands, Denmark to the issues of effective taxation of land areas"[1].

In order to fundamentally increase the efficiency of the reforms carried out in Uzbekistan, to create a source of additional funds to be attracted to the local budget by improving the procedure for determining the basic tax rates on non-agricultural land, assessing the value of real estate objects and determining the amount of the tax base in relation to them, increasing the tax revenue

sources of local budgets requires the implementation of scientific research aimed at developing future indicators on the basis of multi-factor econometric models.

LITERATURE ANALYSIS AND METHODS

Economists of our republic have researched the processes of increasing the role and importance of taxes in the formation of local budget revenues.

In particular, H. Qabulov increased the possibilities of regional economy and local budgets[2], Z. Ruziev increased the formation of local budget revenues and increased efficiency of their use[3], A. Khayriddinov ways to ensure the stability of the income bases of local budgets[4], measures to ensure their stability - noted the need for a systematic approach to this issue by developing and widely applying practical recommendations for the implementation of measures.

According to N. Khaidarov, it is necessary to encourage the attraction of foreign investors in order to increase the revenue sources of local budgets and create new jobs in the regions. For this purpose, it is necessary to develop a list of industries and sectors in which foreign investors cannot engage in business and commercial activities in the country, and show that there is a green road to all other industries and industries [5].

According to Yu. Tumanskaya, a well-known Russian scientist, the need to strengthen the role of local self-government bodies and increase the efficiency of solving local problems suggests improving the system of generating income for local budgets both from the point of view of budget management and from the point of view of the reliability of the assessment of the territorial income base[6].

V. Markhaeva emphasizes the necessity of real strengthening of the revenue base of local budgets, expansion of their financial and economic base, improvement of inter-budgetary relations based on implementation of the principles of budget federalism [7].

And O. Kuznetsova defined that the tax sources of the local budgets' income base are the sum of taxes paid to the budget by the payers independently and additionally calculated by the state authorities during control measures [8].

E. Afanaseva notes that the independence of local budgets is directly influenced by the parameters of distribution of budget revenues through vertical management and that inter-budgetary relations in a stable market economy help to form independent local budgets taking into account the needs of local regions [9].

Regulation of local budget revenues is the main goal of medium-term economic development. In the process of analyzing this article, the methods of logic and objectivity were widely used.

DISCUSSION AND RESULTS

Local budgets are an important component of the budget system of the Republic of Uzbekistan. They create a clear financial base at the disposal of each local body of state power to carry out its activities. The system of local budgets allows to take into account the needs of the local demand more fully and to carry out the measures implemented by the state in a centralized manner.

It is important that further improvement of the position of local budgets is an important factor that serves to increase the efficiency of the government's budget policy. The development of the economy and regions of our country cannot be solved without tax policy. The issues of current tax practice are always important for the regional economy, that is, on the one hand, expanding the horizons of implemented innovations, on the other hand, they lead to the emergence of macro-micro level problems and conflicts. In fact, "Local budget funds are not enough to finance sustainable socio-economic development of regions" [10]. Therefore, it is necessary to create scientific innovations in the field of taxation, to develop scientific approaches and ideas for improving the tax potential of the region.

The role of local budgets in the state budget policy is the financial basis for organizing local budget revenues and determining its composition.

Local budgets are financial to ensure their independence, it is necessary to strengthen their income base. For this purpose, revenue generation drives local government bodies to develop the economic base and make investments in the territories under their control, and as a result, increases tax revenues. Also, giving local governments the opportunity to conduct financial policy within the framework of local taxes and revenues creates an incentive for effective management of resources.

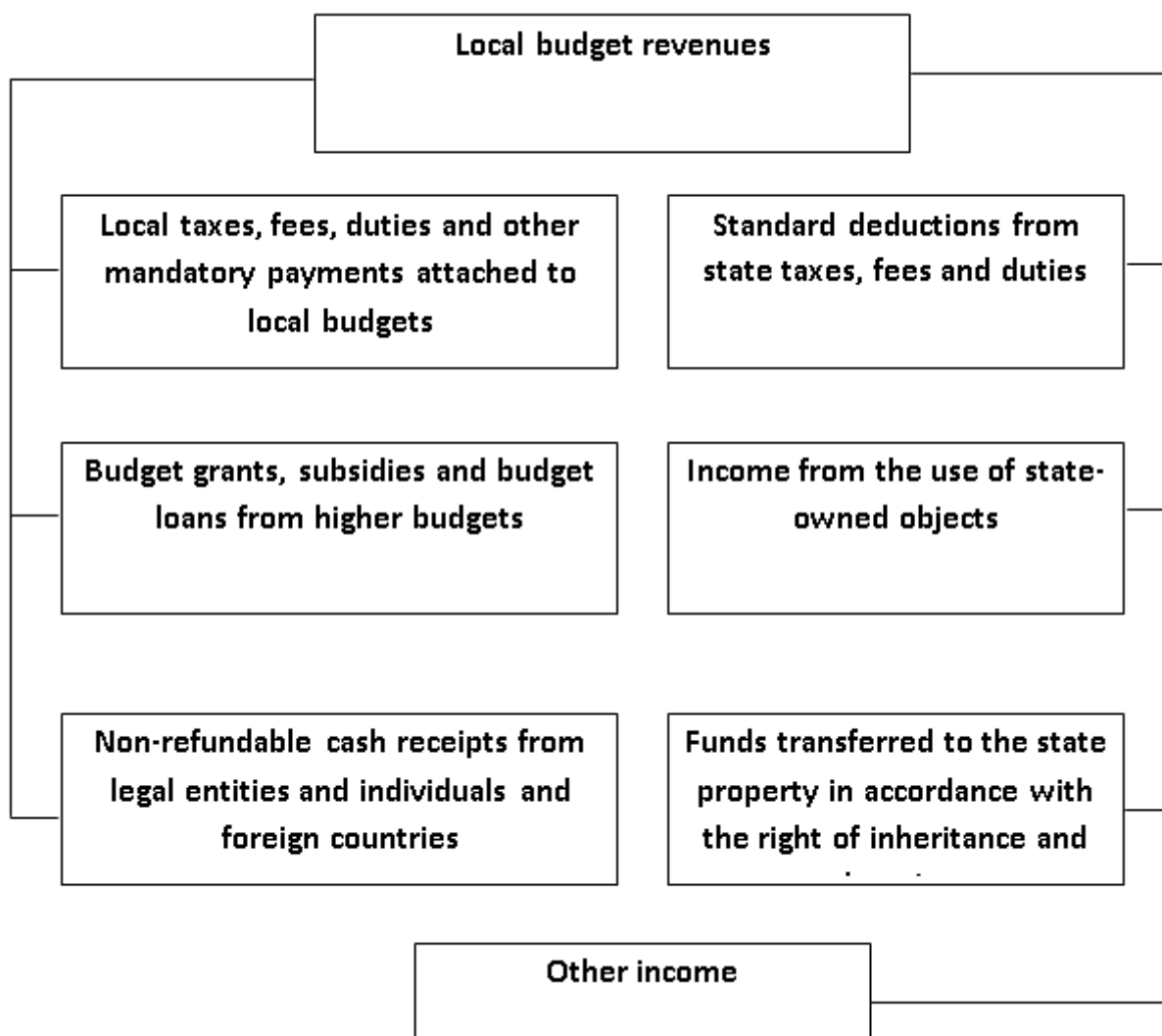


Figure 1. Grouping of revenues of local budgets.

The main source of local budget revenues in Uzbekistan is local taxes and fees, deductions from state taxes and revenues from higher budgets.

Table 1. Analysis of the share of budget system budgets in the state budget revenues of Uzbekistan for 2017-2023 [11]
(in billion soums)

No	Indicators	Over the years						
		2017	2018	2019	2020	2021	2022	2023 (Forecast)
I.	State budget total income	37 750.9	54 219.2	83 323.9	103 566.4	127 970.4	14 8 388 , 2	232 107.1
	Including:							
1.	Republic budget revenues	19 214.6	31 274.9	48 308.3	76,008.6	93,028.9	98 130.0	150,869.0
	The share of republican budget revenues in the state budget (%)	50.9	57.7	58.0	73.4	72.7	66.1	65.0
2.	Local budget revenues	18,536.3	22,944.3	35,015.6	27,557.8	34,941.5	50258.2	127661.9
	Share of local budget revenues in the state budget (%)	49.1	42.3	42.0	26.6	27.3	33.9	35.0

Analyzing the data of Table 1, the share of local budget revenues in the total State budget revenues in 2017-2023 was 49.1 percent in 2017, 42.3 percent in 2018, 42.0 percent in 2019, 26.0 percent in 2020, 6 percent, 27.3 percent in 2021, and 33.9 percent in 2022. The main reasons for this are changes in the policy of transfers between budget systems and the fact that the collection of value added tax is fully directed to the republic budget. It can be seen from this that the revenues of the state budget of the Republic of Uzbekistan have been growing continuously in recent years. Also, at the same time, the revenues of local budgets increased much faster than the revenues of the state budget. The analysis showed that in 2020, the widespread spread of the COVID-19 pandemic had a negative impact on the economy. On the other hand, budget revenues in our republic are getting older, and in 2017, the share of state budget revenues was 50.9 percent and the share of local budget revenues was 49.1 percent. we see that it is a percentage. As can be seen from our analysis, we believe that in recent years, the culture of paying taxes has changed in a relatively positive direction in attracting funds to the state budget, and the income base has expanded.

Table 2. On receipts to the budget for 2021-2022 by types of taxes [12] (in billion soums)

No	Tax types	2021 year Income as of December 31	2022 year Income as of December 31	share (percentage)	Growth rate
	Revenues to the budget, total	127,970	148 388	100	116
	<i>including:</i>				
1	Subsoil use tax	15,812	13,887	9.4	88
2	Tax for use of water resources	684	704	0.5	103
3	Property tax	2 457	4 015	2.7	163
4	Land tax	4 083	5 306	3.6	130

From the data of Table 2, we can see that, compared to 2021, local taxes in 2022 are land use tax 9.4%, water resource use tax 0.5%, property tax 2.7%, and land tax 3.6%. It can be seen that the income has increased by %.

Every year, when defining the parameters of the state budget, the allocation rate for each type of state taxes is determined for each region. The annual change in the rate of deductions from state taxes envisages a partial redistribution of tax revenue between rich and poor areas. In my opinion, such a mechanism reduces the incentive of local governments in the development of the economic and tax base of the regions, and does not make them interested in improving tax revenues. Such an approach limits the possibility of developing financial plans and long-term programs of socio-economic development of regions. It is important that increasing the status of local budgets is an important factor that serves to increase the effectiveness of the government's budget policy.

Elliott R. Morss stated: Mechanisms for the distribution of taxes between different levels of budgets can be used to redistribute income between regions using different criteria, the main criterion being that the majority of income should be returned to low-income areas. While tax redistribution is well-suited to achieving this goal, it is doubtful that a general redistribution of income in favor of poor countries is the goal of territorial policy. In industrially developed countries and regions, it is appropriate to present projects rather than distribution of taxes [13]. He said: "Part of the tax revenue collected by the regional government has been put forward by the mechanism to be given to the regional and municipal state authorities without specifying the direction of use."

CONCLUSIONS AND SUGGESTIONS

Held on September 26, 2023, under the leadership of the President of the Republic of Uzbekistan, Shavkat Miramanovich Mirziyoev, the "neighborhood seven" was established in our country [14]. It is necessary to digitize vacant land, water resources, and property objects in our republic, taking into account the inclusion of a tax collector and a social worker in the neighborhood management system. With this, as a mechanism for increasing local budget revenues in neighborhoods, the tax officer will use opportunities in the neighborhood, help to find new sources of local budget revenues by expanding the tax base and legalizing business activities.

Local taxes and fees have a great impact on the financial situation of taxpayers, therefore, in the context of current market reforms in our country, their optimization remains one of the most urgent issues.

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