

THE STATE SHARE OF TAXES IN THE STATE BUDGET OF THE REPUBLIC OF UZBEKISTAN AND THEIR IMPACT ON THE ECONOMY

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Annotation

This article presents the reforms in the tax system of the country and their impact on the economy, amendments and additions to the Tax Code of the Republic of Uzbekistan, the expected implementation of the state budget and state trust funds in 2022 and the forecast for 2023.

Keywords. Tax System, International Monetary Fund, Agriculture, Policy-Based Lending, Statistical Analysis, Government Expenditures and Revenues. New Uzbekistan Development Strategy.

ДОЛЯ ГОСУДАРСТВЕННЫХ НАЛОГОВ В ГОСУДАРСТВЕННОМ БЮДЖЕТЕ РЕСПУБЛИКИ УЗБЕКИСТАН И ИХ ВЛИЯНИЕ НА ЭКОНОМИКУ

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Аннотация

В данной статье представлены реформы в налоговой системе страны и их влияние на экономику, изменения и дополнения в Налоговый кодекс Республики Узбекистан, ожидаемое исполнение государственного бюджета и государственных целевых фондов в 2022 году и прогноз на 2023 год.

Ключевые слова: Налоговая система, Международный валютный фонд, сельское хозяйство, кредитование на основе политики, статистический анализ, государственные расходы и доходы. Новая стратегия развития Узбекистана.

INTRODUCTION

Today, taxes are playing an increasingly important role in the regulation of macroeconomics, as they have become the most important means of obtaining national income. The basis of the form and direction of the tax policy is a number of factors, such as the political management of the state, national characteristics and goals, administrative-territorial structure, mutual relations between different forms of property [1].

Tax policy combines economic, financial and legal relations and acts as a lever in the economy. Including, through the tax system, it redistributes financial resources to meet

the needs of the state and individual social groups. An increase in the share of tax revenues in the total volume of GDP is an indicator of this. Besides, most of the state budget is made up of taxes. This subject is closely related to the tax code of the Republic of Uzbekistan[2]. Economy is one of the main aspects of every country. After the concept was developed for the first time, in order to reduce the tax burden and rapidly develop the economy of our republic by eliminating these problems in the field and improving the tax policy, on June 29, 2018, the President of the Republic of Uzbekistan "On the concept of improving the tax policy of the Republic of Uzbekistan" Decree No. PF-5468 was adopted. According to the decree, it was determined to eliminate problems in the tax system, to ensure macroeconomic stability, to control that the tax burden does not exceed, and in the tax system. This decree is intended for the years 2017-2021, and after the development of the New Development Strategy of Uzbekistan, Resolution PF No. 60 came into force. According to this decree, measures are being developed for the formation and implementation of macroeconomic indicators on the scale of our country.

The economy of our country has made great progress in 2021. Family entrepreneurship is an important factor in economic development, ensuring employment of the population, and increasing the income of the population. In recent years, a number of activities have been carried out year after year in our country to widely involve the population in entrepreneurship, support family entrepreneurship, and provide comprehensive assistance to young people in implementing business ideas.

LITERATURE REVIEW

One of the problems in the tax system in developed countries is still there, and the legacy of a number of programs adopted in the past has given the impression that these problems are interconnected with internal channels, which have made them alarmingly complicated[4]. It can be seen that tax policy is an integral part of economic policy.

The well-known economist Simon James and the opinion of foreign scientists, they agreed that tax is an important and indispensable factor of the economy. In his book "Dictionary of taxation" defines tax policy as "the government's approach to the tax system"[3].

According to The Volcker Alliance, headed by former Federal Reserve Chairman Paul Volcker, outlines six ways states can write budgets that keep the future more in mind.

It's timely advice: as states finally emerge from the aftermath of the Great Recession, they need to address serious long-term problems that could slowly undermine their ability to fund education, health care, infrastructure, and other critical needs. Addressing these problems requires acknowledging them, not relying on short-term measures and budget gimmicks that obscure the state's actual financial condition[5]

Feldstein and Wrobel examined the question of whether state and local governments can effectively redistribute income through taxation and transfers. Their findings broadly support the economic theory that in the long run (under conditions of perfect mobility) an individual's pretax wages adjust to make the individual's after-tax real

income the same in all jurisdictions. This leveling occurs when individuals realize after-tax income is higher in a different jurisdiction and relocate to areas where real net incomes are more favorable. Conditions of perfect mobility do not exist—though mobility has clearly increased post-pandemic—but Feldstein and Wrobel find real effects substantially conforming to the stylized theory. [6].

Chinaza Nwafor is a finance professional committed to helping organizations build a sustainable finance function. He is experienced in the triad of Accounting, Auditing and Taxation. He points out that Taxation is a mechanism through which the government seeks to realize some of its economic objectives. Taxation can be used to influence or direct the consumption pattern of citizens. It can be used to encourage or discourage investment in certain sectors of the economy. In this, the government can significantly reduce the number of 'harmful', 'antisocial' but not illegal economic activities. It can also be used to protect local and small businesses and reposition them to better compete with their bigger, foreign counterparts. [7]

The report focuses on budget practices in **California, New Jersey, and Virginia** to illustrate the importance of its recommendations. In brief, they think:

Complete budgetary information, including how balance was achieved and whether one-time revenue sources were tapped, should be easier to find and interpret[8].

N. Kaldor Cambridge University concerns that the only feature that is common to most 'under-developed' countries is the shortage of revenue which makes it impossible for them to provide essential public services on the required scale. The common assumption is that these countries are unable to lift themselves out of their predicament because of their very poverty.

Gareth D. Myles in his book of "*Economic Growth and the Role of Taxation Theory*" Taxation is linked to growth through the decisions of individual economic agents. A change in a tax modifies optimal choices and, via the equilibrium of the economy, ultimately affects the rate of growth. Many models have been employed to represent this process with widely varying details. Putting these details to one side it is always the case that the effect of a tax change upon the growth rate of output is determined by two separate components. These components are now identified in a very general framework. [9].

Based on the experience of developed countries, there are many changes in tax policy. Most of them are developing common tax concepts in order to avoid the tax burden and ensure economic stability. In particular, amendments and additions were made to the Tax Code of the Republic of Uzbekistan in order to eliminate the shortcomings of adapting the tax policy to foreign standards, and they were revised. According to them: **According to the newly revised Tax Code** of the Republic of Uzbekistan was adopted by the Law of the Republic of Uzbekistan dated December 31, 2019 No. 599, and was put into effect on January 1, 2020.

To date, based on economic development and changes in tax policy, the tax code has been amended and supplemented by the following legal acts of the Republic of Uzbekistan.

Law OF UZB-607 (11.03.2020), Law OF UZB-640 (05.10.2020), Law OF UZB-646 (09.11.2020), Law OF UZB-652 (02.12.2020), Law of UZB-653 (04.12.2020), Law OF UZB-659 (31.12.2020), Law OF UZB-683 (21.04.2021), Law OF UZB-689 (29.04.2021), Law OF UZB-708 (17.08.2021), ORQ-714 (09/15/2021), ORQ-721 (10/12/2021), ORQ-722 (10/15/2021), Amendments and additions were made to the tax code with O'rQ-725 (10.26.2021), Law of UZB-726 (10.30.2021), Law of UZB-741 (12.30.2021) and Law OF UZB-812- (30.12.2022). At the same time, a number of changes were made in the tax rates. Tax rates: Value added tax (12%), profit tax (15%, for certain categories - 20%), personal income tax (12%), agriculture land tax for designated lands (0.95%), social rates for tax (budget organizations - 25%, others - 12%), turnover tax (basic rate - 4%) are maintained[10].

RESEARCH METHODOLOGY

In the course of the research, the tax policy carried out in our country has been scientifically fully analyzed. It was approached on the basis of foreign experience in the formation of the state budget. This process uses the method of induction, deduction statistical data comparison tables.

ANALYSIS AND RESULTS

Macroeconomic indicators are constantly changing. According to the statement of the Ministry of Finance, the main macroeconomic policy for 2021 has been drafted, taking into account the possibility of the continuation of the Covid19 pandemic in 2022. According to it:

The volume of gross domestic product (GDP) in 2021 was 688.9 trillion sums, which is 12.4% less than the initial goal (786.2 trillion). According to forecasts, the growth rate of the gross domestic product was 5.1 percent (compared to the target of 5.8 percent). Growth is expected to be ensured by the growth of industrial production by 5.8%, services by 6.4%, and agriculture by 2.7%[7]. The Law "On the State Budget" for 2022 was considered at the 22nd plenary session of the Supreme Senate. In 2022, consolidated state budget revenues are estimated to be 254.6 trillion sums or 30.3% of GDP. State budget revenues are estimated to be 199.5 trillion sums, and expenses are 215 trillion sums. In addition, the income of the state trust funds is planned to be 31.9 trillion sums, and the expenses are planned to be 58.7 trillion sums.

Under this presented Budget 2022 key macroeconomic in the preparation of the forecast of indicators, proposals and recommendations were mainly made for ensuring macroeconomic stability, increasing the efficiency and effectiveness of state budget expenditures, and maintaining a stable positive trend in socio-economic development in the medium-term perspective. As the main directions of the tax and budget policy for 2022-2026, the development of the "Green economy", ensuring the social orientation of the budget policy, the gradual introduction of the "result-oriented budget" system, "hidden budget forecasting through the development of market instruments based on the circulation of state securities, taking into account fiscal risks in conducting tax and

customs policy aimed at reducing the "economy", improving the state debt management system and programs to introduce a strategic approach to ensure its balance have been developed[11].

The International Monetary Fund, established in Washington, studied the economic changes of the Republic of Uzbekistan in 2018-2022 as follows:

According to tax payment regimes, agricultural enterprises are divided into enterprises operating under the general and complex tax regime. According to the country's documents and tax legislation, agricultural enterprises producing agricultural products and their health 'looting, their reputation is unique.

Table 1

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-------------------------|-------|--------|-------|-------|
| National income1/ Real GDP growth (percentage change) | 5.4 | 5.8 | 1.6 | 5.0 | 5.3 |
| GDP per capita (in USD) | 1,543 | 1,736 | 1,702 | 1,780 | 1,922 |
| Population (millions) | 32.7 | 33.3 | 33.9 | 34.4 | 35.0 |
| Prices | | | | | |
| Consumer price inflation (CPI) | | | | | |
| GDP deflation | (changes in taxes) | | | | |
| Foreign sector | 14.3 | 15.2 | 11.1 | 9.8 | 10.6 |
| Current account balance | 27.5 | 18.6 | 11.9 | 9.8 | 11.5 |
| Foreign debt | | | | | |
| Exchange rate (in sums to US dollars) | (percent of GDP) | | | | |
| Real effective exchange (average, 2015=100, decreasing) | -7.1 | -5.8 | -5.4 | -6.4 | -5.9 |
| amortization) | 34.3 | 43.9 | 58.4 | 62.3 | 63.8 |
| Government finance | (degree) | | | | |
| Budget revenues | 8,340 | 9,516 | 10,477 | | |
| Budget expenses | | | | | |
| Budget balance | | | | | |
| Consolidated Revenues | | | | | |
| Consolidated costs | 60.6 | 64.5 | 64.6 | | |
| Consolidated budget balance | | | | | |
| Policy based lending | (GDP) | | | | |
| General budget balance | 28.7 | 28.7 | 27.6 | 27.6 | 27.7 |
| State debt | 30.8 | 32.6 | 32.0 | 33.1 | 31.6 |
| | -2.1 | -3.9 | -4.4 | -5.5 | -4.0 |
| | 27.8 | 28.1 | 26.6 | 26.6 | 27.0 |
| Money and credit | 26.0 | 28.3 | 29.9 | 30.1 | 29.8 |
| Spare money | 1.7 | -0.3 | -3.3 | -3.5 | -2.8 |
| Plenty of money | 3.9 | 3.7 | 1.2 | 2.0 | 1.2 |
| Credit to the economy | -2.1 | -3.9 | -4.4 | -5.5 | -4.0 |
| | 20.3 | 29.3 | 37.8 | 42.1 | 44.2 |
| | (changes in percentage) | | | | |
| | -1.9 | 17.8 | 15.4 | 10.0 | 12.1 |
| | 13.2 | 13.8 | 17.9 | 15.7 | 17.2 |
| | 51.3 | 23.8 | 34.4 | 19.7 | 17.6 |

Selected economic indicators in Uzbekistan, 2018-2022

Sources: State authorities; and calculations of IMF (International Monetary Fund) employees.

The Ministry of Finance has discussed the 2021 draft Law on the state budget in order to forecast economic indicators for 2022. According to the document, the budget indicators for the current year were compared with the base year. Also, GDP will grow by 5.1%, inflation is expected to be around 10%. Consolidated budget expenditures should amount to 203.8 trillion sums, which is 25.5% more than the projected expenditures and 5.6% more than the set indicators.

Table 2

| T/r | Indicators | Budget plans | | |
|------------|--|------------------|------------------|--------------------|
| | | 2021 year | 2022 year | Prognosis for 2023 |
| I | Consolidated budget revenues | 178 512,4 | 208 371,3 | 238 954,0 |
| 1 | | 147 002,3 | 173 550,2 | 200 708,6 |
| 2 | | 26 173,9 | 28 251,7 | 30 544,5 |
| 3 | | 5 336,2 | 6 569,4 | 7 700,8 |
| II | State budget revenues | 215 945,2 | 231 338,9 | 258 096,0 |
| 1 | | 149 681,6 | 163 780,4 | 183 675,0 |
| 2 | | 40 740,0 | 46 709,1 | 51 720,2 |
| 3 | | 13 423,6 | 6 569,4 | 7 700,8 |
| 4 | | 12 100,0 | 14 280,0 | 15 000,0 |
| III | Revenues of state trust funds | 15 896,4 | 17 930,2 | 21 097,2 |
| IV | Receipts of the Recovery and Development Fund of the Republic of Uzbekistan | -37 432,7 | -22 967,6 | -19 142,1 |
| V | Consolidated budget expenditures | -17 245,3 | -8 687,6 | -4 142,1 |
| VI | State budget expenditures | 7 767,7 | 10 316,8 | 12 478,2 |

Report of total budget revenues in 2021-2023 as part of state budget revenues. (the table is prepared by the author)

CONCLUSIONS AND SUGGESTIONS

If we briefly dwell on the above-mentioned information, the importance of effective management of taxes and taxation processes has gained great importance in the development of the economy to date. Because it is impossible to implement the tax policy or form the country's tax system without effectively managing the taxation processes. It is impossible to imagine the country's economy without taxes. In addition, as a result of the state budget and tax policy conducted in our country, wide opportunities are being opened for the private sector to engage in business activities. Especially, the annual reduction of the tax burden gives taxpayers the opportunity to re-use more funds in their activities, and in return for the benefits and preferences given to them, more efficient organization of activities and new innovative there is an opportunity to put them into practice. This is one of the effective methods for further development of our country in the future.

In his address to the Oliy Majlis, President Shavkat Mirziyoyev emphasized the need to revise the budget system and ensure the transparency of budget revenues and expenses for our people, based on the principles of justice. After all, "Openness in the management of the state and society, transparency in the distribution and spending of the country's budget is an important condition for establishing a real people's power and building a legal democratic state based on civil society," he once again emphasized.

In addition in order to cultivate the economic status of Uzbekistan in 2022, measures were taken to reduce the annual inflation rate to 9% and in 2023 to 5%, and the fiscal deficit to 3%, and then it was also taken into account. [12].

There is no doubt that the high attention paid by our state to the development of this field, the significant investment that is being directed, will bear fruit, and in the future, our young people will feel a sense of belonging and patriotism will rise in order to become mature specialists and occupy a worthy place in the world community. . All this is "Let's live freely and prosperously in the new Uzbekistan!" is being implemented under the slogan.

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