



## ISSUES OF ENSURING CONTINUITY OF STATE BUDGET REVENUES IN UZBEKISTAN

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### ABSTRACT

*In the article, the issues of ensuring the continuity of the state budget revenues in Uzbekistan and the rational distribution of revenues between the links of the budget system are thoroughly researched. Statistical indicators of budget revenues were analyzed. Conclusions and proposals aimed at ensuring the continuity of budget revenues and rational distribution of revenues have been developed.*

### Introduction

After the country gained independence, large-scale reforms are being carried out to ensure the proportionality of income and expenses of the budget system.

Comprehensive development of regions based on fundamental strengthening and decentralization of the income base of state budgets in our country, strengthening the financial freedom of local government bodies, supporting the wide development of small and medium-sized businesses and entrepreneurship in the regions, creating new jobs and ensuring employment of the population, expanding the tax potential due to the rapid development of social infrastructure is of actual importance.

In the conditions of digitization of the country's economy, the need to study the existing problems in the development of regions is clearly manifested. Incomplete use of production opportunities, increasing unemployment, low export potential of regions and other similar problems related to the development of the economy of regions of the country require a scientifically based approach. Economically underdeveloped regions, the fact that investments are being directed to developed regions of our country, different conditions and opportunities require a reasonable economic policy.

### Literature review

As the President of the Republic of Uzbekistan, Sh. Mirziyoyev, stated, "First of all, we need to deepen our work on economic reform and liberalization, and accelerate the initial work on structural changes in its sectors and industries. The issues of modernization of networks and regions, increasing their level of competitiveness, development of export potential should be in the center of our constant attention <sup>1</sup>. Therefore, the issues of ensuring

<sup>1</sup>Mirziyoyev Sh.M. We will build a free and prosperous, democratic country of Uzbekistan together. . -Tashkent, "Uzbekistan", NMIU.2016, page 14.

the sustainable development of the country's regions and regulating their income will always remain important.

Increasing the state budget revenues and achieving stability, expanding the source of budget revenues in effective financing of local budget expenditures is of urgent importance today. The availability of internal reserves in increasing budget revenues is directly related to the effective application of economic reforms implemented in the regions.

The priority tasks of the tax-budget policy in ensuring the financial stability of the state budget are "fundamentally strengthening the revenue base of local budgets by attaching specific types of taxes and other mandatory payments to them, removing regional, city and district budgets from subsidies, gradually reducing their dependence on high-level budget allocations. reduction, on the basis of this, to increase the freedom and responsibility of local state authorities in solving the issues of socio-economic development of the regions, and to determine additional reserves on a systematic basis to increase the income of local budgets <sup>2</sup>.

measures to increase the income of the budgets, to ensure the sustainable development of the regions , and to develop proposals on this basis.

It can be seen that the powers and centralized control of the state are high in the formation and regulation of local budget revenues. In our opinion, the gradual transfer of these powers to local state authorities in the regulation of local budget revenues is of urgent importance today.

In the Development Strategy of New Uzbekistan, "Increasing the role of Councils of People's Deputies in solving problems in neighborhoods, socio-economic development of regions, raising the standard of living of the population, and strengthening their responsibility for the formation and control of the local budget" <sup>3</sup>is defined as one of the main goals.

The experience of developed countries shows that in the conditions of a stable market economy, inter-budgetary relations help to form sufficiently independent local budgets, taking into account the needs of local regions.

"due to the inefficiency of local tax and levy administration mechanisms, their insufficient level of collection, as well as the lack of complete accounting and objective determination of the value of real estate and land" <sup>4</sup>do not allow to ensure the stability of local budget revenues.

According to S. Kirillova and S. Rodyukov, "decreasing the number of taxes falling into the local budget, on the one hand, weakens the revenue base, and on the other hand, simplifies the procedure for planning tax revenues, increases its quality and efficiency <sup>5</sup>.

### **Analysis and results**

Until now, there is no optimal ratio of equalization of budget provision aimed at strengthening and balancing of local budgets by redistributing the powers of income and

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<sup>2</sup>Decree of the President of the Republic of Uzbekistan dated December 13, 2017 No. PF-5283 "On additional measures to increase the financial freedom of local government bodies, to strengthen the responsibility of tax and financial bodies to ensure the completeness of revenues to local budgets".

<sup>3</sup>Decree of the President of the Republic of Uzbekistan dated January 28, 2022 No. PF-60 "On the development strategy of the new Uzbekistan for 2022-2026".

<sup>4</sup>Decree of the President of the Republic of Uzbekistan dated June 29, 2018 No. PF-5468 "On the concept of improving the tax policy of the Republic of Uzbekistan". www.Lex.uz

<sup>5</sup> Кириллова С.С., Родюков С.В. Налоговая паспортизация муниципальных образований в условиях действующего финансово-бюджетного законодательства // Финансы и кредит. 2011. №5 (437). С. 53–58.

expenses of various levels of state authorities and providing incentives for the development of the revenue potential of local authorities.

The financial independence of local budgets is based on the distribution of state resources among the links of the budget system.

**Table 1**

**Sources of reimbursement of expenses of local budgets and the dynamics of changes in its composition <sup>6</sup>, in percent**

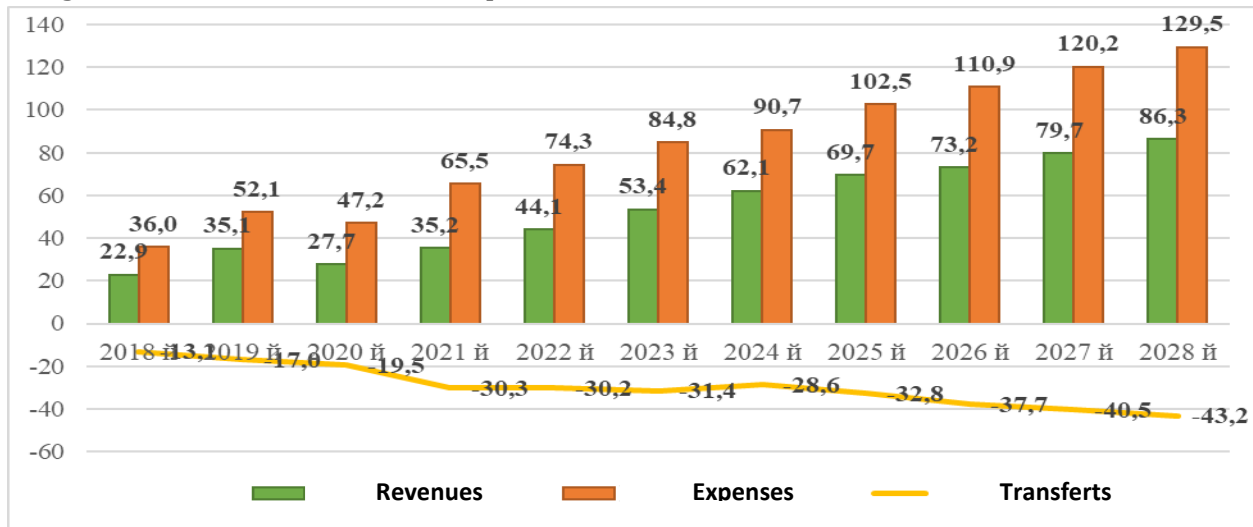
No	Year	Costs	Revenues				
			Revenues of local budgets	Grants	Mutually calculations	Subsidies	Transfers
1	2007	100	70.8	4.7	5.5	19.0	-
2	2008	100	70.2	4.6	5.4	19.8	-
3	2009	100	70.6	4.0	6.3	19.1	-
4	2010	100	71.5	2.1	8.8	17.6	-
5	2011	100	72.8	0.2	0.2	26.8	-
6	2012	100	72.5	0.0	0.5	27.0	-
7	2013	100	73.6	0.0	0.4	26.0	-
8	2014	100	74.7	0.0	7.4	17.9	-
9	2015	100	76.9	0.0	9.6	13.5	-
10	2016	100	76.5	0.0	12.0	11.5	-
11	2017	100	83.3	0.0	10.0	6.7	-
12	2018	100	71.9	0.0	0.0	0.0	28.1
13	2019	100	80.0	0.0	0.0	0.0	20.0
14	2020	100	71.3	0.0	0.0	0.0	28.7
15	2021	100	74.0	0.0	0.0	0.0	26.0
16	2022	100	75,3	0.0	0.0	0.0	24.7
17	2023	100	69.4	0.0	0.0	0.0	30.6

The data in the table show that in the years under review, the revenues of local budgets cover an average of 74% of expenses, and the rest is financed by financial assistance allocated from higher budgets. Although the types of financial assistance have changed in the analyzed years, the amount of financial assistance allocated has not changed much. This, in turn, affects the financial independence of local government bodies in the formation of local budget revenues.

According to the tax legislation, the taxes considered as budget revenues are allocated to the republican or local budgets, and due to the fact that local budgets are not allowed to have deficits, due to the fact that the taxes and levies assigned to local budgets cannot fully finance their expenses, the majority of state taxes are currently directed to local budgets, and the revenues of local budgets, i.e. regulatory revenues appears to be valid.

<sup>6</sup>It was prepared by the author based on the information of the Ministry of Economy and Finance of the Republic of Uzbekistan.

At this point, it is worth noting that at the current stage of improving the country's tax system, increasing the powers of local state authorities in terms of revenues allocated to local budgets should be defined as an important direction.



**Figure 1. Trends in the forecast of local budget revenues, expenses, and transfers in 2018-2028<sup>7</sup>, in trillion soums**

We can see from the data of the picture that increasing the revenues of local budgets will become relevant in the near future. In 2018-2028, if we pay attention to the trends of changes in the forecast of local budgets' incomes, expenses, and transfers, it is evident that, while positively assessing the rapid increase of local budgets' expenses, it is necessary to ensure the increase of local budgets' incomes as well. Also, we can see from the forecast indicators that transfers allocated from the higher budget are set to increase again from 2025. Therefore, the need to implement reforms in a number of directions in order to increase the revenues of the local budgets is shown.

### Conclusion

In order to achieve this strategic goal, it is necessary to achieve some important tasks of improving the tax system. For this:

- it is necessary to encourage the improvement and strengthening of the tax base of local budgets of regions through the budget-tax system;
- it is necessary to maximize the level of self-sufficiency of local budgets, including income from regulatory taxes in the total amount.

Currently, improving the efficiency of local budgets and using their potential requires solving some interrelated problems. Including:

- to search for effective ways of increasing the financial resources of local budgets and to develop a mechanism for strengthening their income bases on a scientific basis;
- local budgets to consistently strengthen their income and encourage its increase;
- ensuring the unity of the budget and tax policy and achieving this compatibility in the planning of revenues and expenses of local budgets..

### References:

<sup>7</sup>It was compiled by the author based on the information and forecast indicators of the Ministry of Economy and Finance of the Republic of Uzbekistan.

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