

FORMATION AND IMPROVEMENT OF LOCAL BUDGET REVENUES

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ABSTRACT

In this article, the study of methods of development of budget revenues through the formation and improvement of local budget revenues is presented. The importance of the formation and improvement of local budget revenues was highlighted, as well as suggestions and recommendations were developed regarding the formation of local budget revenues and their analysis.

Keywords: *budget, budget revenues, local budget, budget system, income and expenses, budget deficit, taxes.*

Introduction

A number of activities are being carried out in order to increase the welfare of the population, ensure economic stability, and create a wide opportunity for the rapid development of small business and private entrepreneurship under the framework of economic reforms in the budget and tax field in our national economy. In particular, measures to further reduce the tax burden in the economy, simplify the taxation mechanism, and improve tax administration are aimed at this goal. It is a budget code that establishes the regional, district and city funds of the local budgets and the state budget, which provides the sources of income and the amount of receipts from them, as well as the directions and amount of funds allocated for specific purposes during the financial year. Revenues of local budgets and state budget expenditures are directed to the population living in the regions based on the distribution of the national income

created in the country and to strengthening the revenue part of local budgets that deliver its results.

The essence of local budgets is its purpose. This factor has a direct impact on the functions performed by local budgets. The local budget is the most important lever that directly affects the economic and social development of each region of the country. Article 52 of the Budget Code describes the processes related to the formation of revenues of local budgets, in which subsidies allocated from the republican budget, transferred revenues and subsidies are revenues of the budgets of the Republic of Karakalpakstan, regions and the city of Tashkent.

President of the Republic of Uzbekistan Sh.M. Mirziyoyev's address to the Oliy Majlis stated: "It is known that the budget amount will decrease with the reduction of tax rates or the abolition of certain taxes. This can be overcome through effective tax administration and ensure budget stability. It is our first task to achieve this"¹.

However, today, increasing the income of local budgets, implementing measures to ensure their stability, developing and widely applying scientific proposals and practical recommendations is one of the most important issues.

Description of the literature

We know that as one of the urgent problems of the state financial system, ensuring the stability of local budgets depends on macroeconomic and financial factors, and in this regard, domestic and foreign economists recognize the need to increase the income of local budgets.

In particular, according to A. Khayriddinov, it is necessary to determine in advance that a certain part of the tax sums of the national taxes that should be collected by the tax system of each local administrative area should be left in the form of revenues assigned directly to local budgets in a fixed contribution and on a permanent basis. In this, the main emphasis is on improving the system of normative allocations, which is one of the main combined options for redistributing income between the budget system links. Also, the author emphasizes that, based on the requirements of the market economy, it is appropriate to provide stability to their combined incomes in ensuring the stability of the local budgets' income base. In general, in our opinion, expanding the revenue base of local budgets through the improvement of regulatory allocations and consolidated revenues is one of the effective methods among other counter-decisions.

In this regard, A.Kh.Islamkulov emphasizes that in order to ensure the stability of state budget revenues and the proportionality of budget revenues at different levels

¹ Address of the President of the Republic of Uzbekistan Sh.M.Mirziyoev to the Oliy Majlis. // People's word, January 24, 2020.

in our republic, it is necessary to clearly define the powers of central and local government authorities in the financial-budget, budget-tax spheres. In this, the author proposes the implementation of the system of optimal distribution of income powers and expenditure obligations between the links of the budget system in the context of ensuring the stability of local budgets.

Q.A.Usmanov spoke about the importance of budget revenue planning, the formation of the database necessary for budget revenue planning at a sufficient and high-quality level, as well as the revision of legal documents in this regard and the order, method, period of the budget revenue planning process and suggests the need to adopt a legal document clearly specifying the duties of the participants. According to some economists, one of the important ways to strengthen the revenue base of local budgets is the transition to a system of objective criteria that allows real differentiation of administrative regions according to the level of economic and social development.

Professor S. A. Toshmatov, citing a number of measures aimed at increasing tax revenues for the local budget, gives opinions on improving the system of distribution of taxes between budgets of different levels in the context of ensuring the benefit of local authorities from maximizing tax revenues. It also promotes the need to assess the regional tax potential and improve the local tax collection mechanism. According to other economists, in the systematic regulation of the effective management of local budgets, it is emphasized that it is necessary to reasonably reduce the level of the tax burden, to increase the share of direct and indirect taxes in the structure of state budget revenues, or to determine the optimal level of the taxation ratio.

In our opinion, the basis of the income redistribution system between different levels of the budget system is the asymmetric difference in the level of socio-economic development of the regions. Therefore, in order to ensure the financial stability of local budgets, the first priority is to develop measures to increase the economic potential of regions and use it wisely.

In this regard, economists N. Groenendijk and A. Jansoo (Nico Groenendijk, Annika Jansoo), based on a comparative analysis of the Baltic countries undergoing a transition period, justify that the scope and scale of the system of income redistribution through the central budget depends on the difference in the economic development of the country's regions.

R. to ensure the overall balanced development of the country. According to Musgrave (Richard A. Musgrave) theory, it is the main functional task of the central government. It is necessary to form a system of economic mechanisms of proportional provision of the country's population with state social services to increase regional economic potential and encourage its rational use.

The current financial factors of expanding the income base of local budgets are

researched in the opinions put forward by the above broad group of economists. Reforms in the context of these factors, along with stabilization of financial flows at the center-region scale, will create opportunities for formation of a financial mechanism stimulating the system of rational use of regional economic potential of local state authorities.

In the preparation of this article, the formality of the normative-legal documents, used literature and Internet information, the comparative and critical analysis of the economic scientists' scientific and theoretical views on the subject, the results of the study and generalization of advanced foreign experience, and the introduction of suggestions and recommendations into practice were determined. Systematic analysis, generalization, and abstract-logical thinking were used during the study of the subject along with general economic methods.

Analysis and results

According to the legislation, based on the radical strengthening of the revenue base of the local budget, it is established to implement a number of measures, such as stable financing of the complex development of regions, strengthening the financial freedom of local government bodies, and supporting the development of small business and private entrepreneurship. It is no exaggeration to say that tax-budget policy has a great contribution to positive achievements such as stable economic growth, increasing standard of living of the population, positive balance of foreign trade, provided in our republic today. The socio-economic reforms carried out in our country require, on the one hand, to ensure a solid base of state budget revenues, and on the other hand, to reduce the tax burden as much as possible.

In particular, today local budgets account for 55-60% of the income and expenses of the state budget. This, in turn, increases the importance of local budgets in ensuring the implementation of the state budget.

Usually, under the influence of the socio-economic policy carried out in the country, the regions covered by some local budgets are called donor regions. Taxes from the value created in them, as well as mandatory fees and payments that fulfill the tax function, supplement local budget revenues, and are redistributed as financial support to other local budgets through the mechanisms adopted in the economy. However, there are also regions where taxes and other fees do not cover even half of the local budget. Of course, their authorities are not the direct cause of this. The main reason is that the higher authorities establish economic entities that create more and faster value in the region.

Subsidies, grants and subsidies from the local budget are one of the most common financial sources, and not all local budgets use them.

On January 28, 2022, our country adopted the five-year development strategy of

Uzbekistan for 2022-2026. This document also mentions tasks directly and indirectly related to local budgets, in the third direction called "Rapid development of the national economy and ensuring high growth rates": "Spending at least 5% of the budget of each district within the framework of the "Citizens' Budget" based on the proposals of the population"; Also, the measures "Reducing the tax burden from 27.5% of GDP to 25%" were reflected as a separate task¹.

This measure includes local taxes, mandatory fees and charges that perform the tax function; allocation of grants, subsidies and transfers from the higher budget; leaving some state taxes in whole or in part in the local budget. In order to include 30 activities in the development strategy and implement them on time, it is necessary to implement a number of measures. Only then we will be able to form the sources of income of the local budgets on time and in full, as much as possible, at the expense of the assigned revenues.

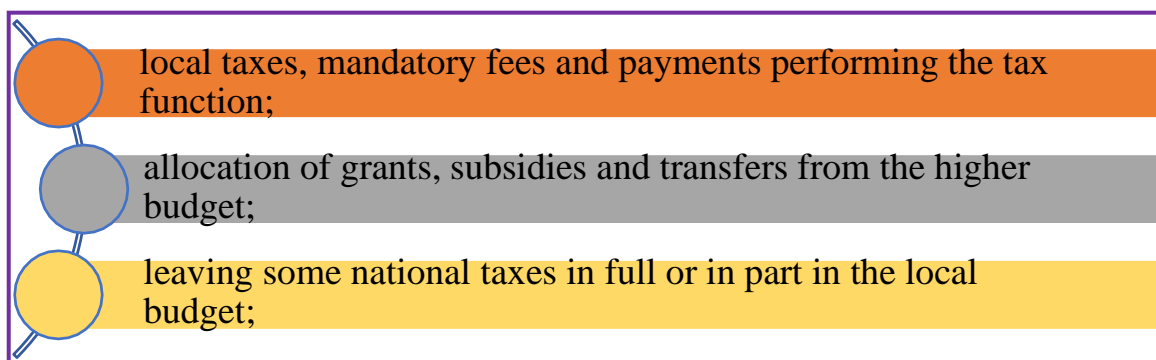


Figure 1. The local budget is a source of income²

In our opinion, if we pay attention to the following directions in the future, along with the increase in the revenue sources of the local budgets, the opportunities to reduce the tax burden at the country level will also expand.

In order to support the financing of socially important national state programs, as well as projects related to the formation of production and non-production infrastructure, first-level budget funds are allocated to allocators from foreign sources (from foreign countries, international organizations, international financial and economic institutions, financial organizations of foreign governments) the specified amounts of the allocated grant funds (except for the grant funds allocated with the conditions of independent determination of the amounts and branches by the Government of the Republic of Uzbekistan) will be increased without making any

¹ Decree of the President of the Republic of Uzbekistan dated 28.01.2022 No. PF-60.

² Created by the author

changes to the Law on the State Budget of the Republic of Uzbekistan.

The income and expenditure forecasts of the budget of the Republic of Karakalpakstan, regional and local budgets of Tashkent for 2023 are given in Table 1 below.

Table 1

Revenue and expenditure forecasts of the budget of the Republic of Karakalpakstan, regional and local budgets of Tashkent city for 2023 (billion soums)

№	Territory name	Revenues	Expenses
1.	Republic of Karakalpakstan	2 703,3	5 375,7
2.	Andijan region	3 802,7	6 608,2
3.	Bukhara region	3 817,2	4 463,1
4.	Jizzakh region	2 184,9	3 469,3
5.	Kashkadarya region	4 561,2	8 380,2
6.	Navoi region	2 993,6	2 993,6
7.	Namangan region	3 713,4	6 613,3
8.	Samarkand region	4 958,8	7 155,1
9.	Surkhandarya region	3 042,3	6 291,2
10.	Syrdarya region	1 406,1	2 492,3
11.	Tashkent region	5 866,2	5 866,2
12.	Fergana region	5 437,8	7 618,8
13.	Khorezm region	2 719,2	4 160,6
14.	Tashkent city	7 739,3	7 739,3
Total		54 946,0	79 226,9

From the data of the above table, it can be seen that the revenues of local budgets by region have the highest share in Tashkent city, 7,739.3 bln. amounting to soum. In the next place is 5,866.2 billion in Tashkent region. 5,437.8 soums in Fergana region. The lowest share of revenues of local budgets by regions is 1,406.1 bln. in Syrdarya region. soums and 2,719.2 billion in Khorezm region. amounting to soum.

Based on these directions, it should be noted that the revenues of local budgets are formed at the expense of national taxes and other mandatory payments, other revenues in accordance with the established standards. Other incomes include income from the sale of property converted into state income, income from the placement, use and sale of state assets in accordance with established norms, state duties, fees,

compensations and fines sent to the budget of the Republic of Karakalpakstan, regional and local budgets of Tashkent city.

Creating conditions for a budget surplus should become one of the main goals of local self-government and city finance management.

In this case, the tasks of local self-government bodies should include: ensuring the balance of local budgets, reducing dependence on financial support from higher-level budgets, rational use of funds, and increasing the efficiency of the financial management apparatus. In a broad sense, we can cite two ways to increase local budget revenues: firstly, by cutting costs, and secondly, by developing specific measures to increase revenues while maintaining and increasing local budget expenditures. At the same time, it is possible to increase income by applying measures to reduce irrational costs and increase income.

Another way is to improve the investment environment as a result of investing in projects that will quickly benefit the local budget. It should be understood that this method is not the only investment in any project, but it is appropriate to invest in projects aimed at supporting entrepreneurship, developing social life and increasing local budget revenues.

Conclusion

The following conclusions were formed in the course of scientific research conducted in our country to ensure the formation and improvement of local budget revenues:

1. Local budget revenues are tax and non-tax revenues received by local budgets in accordance with the procedures and standards established by the laws of the Republic of Uzbekistan and legal documents of local self-government bodies.

2. The formation of financing of the project financed by the additional funds of the local budget and voluntary collective funds of the population (business) based on the principles of financial democracy may lead to an increase in local budget revenues in the future.

3. In recent years, the use of elements of the digital economy in the implementation of the initiative budget in our country has become a topic. It is known that in the experience of the countries of the world, the use of information technologies for such processes is of great importance. Therefore, it is necessary to improve the operation of the single portal in the regional section of local budgets.

4. It is desirable to develop a regulatory legal document that envisages the placement of temporarily idle funds formed in the local budget of the regions in the deposit operations of commercial banks and the direction of the received interest income to the local budget of the relevant region.

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