THE ROLE OF LOCAL BUDGETS IN TAX POLICY

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Abstract: *This article examines the reforms in the field of tax policy of the Republic of Uzbekistan, changes in the local tax system and the views of economists on the tax system of the country. It also analyzes the country's revenues by type of tax, state budget revenues by type of tax, indicators for the last threeyears, as well as the achievements and shortcomings of the local tax system. Scientific conclusions and recommendations on further development of the tax system in Uzbekistan and, as a result, support for production, improvement of the mechanism of local tax incentives have been formed.*

Keywords: *local budget, tax system, tax policy, local taxes, excise tax, value added tax, property tax, tax trend, tax progression, tax burden.*

1. INTRODUCTION.

One of the most important issues today is the coordination of the relationship between budgets and the use of their economic potential. Problems in the country's tax system are gradually being addressed in line with the deepening of liberalization and modernization of the economy. In order to further increase the effectiveness of ongoing reforms in the Republic of Uzbekistan, to create conditions for the comprehensive and rapid development of the state and society, to implement the priorities of modernization of the country and liberalization of all spheres of life.

It is not for nothing that the Decree of the President of the Republic of Uzbekistan dated January 28, 2022 No. PF-60 "On the Development Strategy of New Uzbekistan for 2022-2026" set the 3rd goal as "Adaptation of the institutional framework for the activities of local government bodies to the requirements of the times".

The sustainable development of the economy of the independent Republic of Uzbekistan and the impact of foreign economic relations on the country's economy place completely new demands on the content and quality of public finance management. In turn, public finance plays an important role in determining the state of the state's economic system. The negative impact of the global financial and economic crisis on the economies of a number of countries, which is of great concern to the world community, Its use requires the development and reliable use of reliable methods that serve the development of the economy, based on the principles of transparency, stability and productivity, in accordance with the best standards of international practice.

Timely and full implementation of a number of socio-economic tasks of the state requires a certain financial basis, the central link of which is the state budget. In this regard, a number of measures are being taken in the framework of budget reforms, including the adoption of a new Tax Code and a completely new Budget Code to improve budget legislation, the gradual implementation of state budget treasury execution mechanisms, the establishment of a public procurement system. and the development of effective mechanisms to ensure the targeted use of budget funds, the introduction of elements of results- oriented budgeting in medium-term budget planning and targeted spending of budget funds, as well as the important role of the state budget in economic and social

development. At the current stage of socio-economic development, budget revenues are growing with the development of production, increasing incomes of economic entities and the population, expanding the tax base, increasing the number of forms of ownership. However, during this period, the multifaceted needs of society have not diminished, on the contrary, there are new measures, projects, directions, which are essentially funded by the budget. Funding them in full will require more funding. However, the possibility of a steady increase in revenue (especially through tax increases) is limited by current tax legislation. At the same time, an unreasonable increase in taxes seriously undermines the economic activity of economic entities, suppresses their interest in developing production and increasing its efficiency. In this situation, it is not always possible to balance budget expenditures with budget revenues

2. LITERATURE REVIEW.

Local budgets play an important role in the implementation of national economic and social tasks, primarily in the allocation of public funds and the development of social infrastructure. Distribution and delivery of produced goods to the population is carried out mainly through the budget system. It is known that the bulk of consoumser funds are formed through budgets. At the same time, the main expenditures related to public education, health, social security, housing and communal services will be covered by local budgets. The implementation of social protection policy by the state requires a large amount of material and financial resources, and these important tasks are entrusted to local authorities. Funding for social protection measures is mainly provided by local budgets.

Full identification of the tax revenue base of local budgets, in particular, the distribution of taxes between different levels of budgets and the determination of the optimal amount of inter-budgetary transfers, ensuring the stability of tax revenues, as well as developing a science-based tax revenue forecast are important aspects of regional revenue policy motivation. Plays an important role in assessing the tax potential of local budgets.

The formation of tax revenues of local budgets is a multifactorial process, which takes into account the influence of economic, tax administration, regulatory, legal and political factors plays an important role in strengthening the revenue base. Local budgets are also an important factor in increasing the potential of financial resources by strengthening the tax revenue base and ensuring the stability of local budgets.

Modern science defines tax forecasting as an assessment of the tax potential and receipts of taxes and fees in the budgetary system (republican, regional, district, city budgets, as well as off-budget state trust funds). It is carried out on the basis of a forecast of the socio-economic development of the state.

Scientists and experts have the same approach to determining the tax burden at the macro level. There is no consensus on its definition at the micro level, including at the level of business entities. This is because the source to which taxes are attributed is interpreted differently by the authors. That is, a number of economists determine the tax burden relative to profit or income.

3. RESEARCH METHODOLOGY.

Economic analysis of the country's local tax system and tax policy, collection of data on tax revenues, current new indicators of tax revenues by regions, analysis of data collected, generalization and logical thinking research methods have been widely used.

4. ANALYSIS AND DISCUSSION OF RESULTS.

Tax revenues play a special role in the formation of state budget revenues (Table 1). A structural analysis of the state budget revenue data for the last 2 years shows that the share of indirect

taxes in total budget revenues is 116.4%, which means that the fiscal role of indirect taxes in the formation of state budget revenues is high. Total revenues of budget revenues in 2021-2022 will amount to 34,496 billion soums.

Table 1

Information on budget revenues as of March 31, 2021-2022

billion in soums

№	Types of taxes	As of March 31, 2021	As of March 31, 2022	Share (inpercent)	Growth rate
Revenues to the budget, total		29 385	34 496	100	117.4
including:					
1	Direct taxes	13 012	15 140	43.9	116.4
2	Indirect taxes	9 027	10 952	31.7	121.3
3	Resource fees and property taxes	5 717	5 956	17.3	104.2
4	State duties and penalties	648	888	2.6	137
5	Other taxes and fees	980	1 560	4.5	159.2

The stability of tax revenues in a particular region in a country depends on the level of development of the region, the growth of production in it, the sectoral budget potential of the regions, to develop entrepreneurship and small business to expand the taxbase in the regions, to stimulate the inflow of foreign investment into the regions, state budget revenues and expenditures effective and correct organization of budget execution, ensuring targeted use of budget funds, achieving qualification of employees of financial and budgetary and treasury bodies, transparency, efficiency and effectiveness of budget execution using structure of the economy, the development of small business. In order to ensure the stability of state budget revenues, to improve the economic and related an automated system of budget execution It is advisable to take measures such as.

Another aspect of indirect taxes is that they reduce the money supply and curb inflation. However, these taxes reduce the real incomes of the working population (due to the indirect rise in prices for consumer goods and services). Indirect taxes include value added tax, excise tax, customs duties, and taxes on the use of mineral resources

Table 2

The structure and structure of the state budget of the Republic of Uzbekistan as of 2021

billion in soums

Indicators	As of 2021

COSTS (WITHOUT TARGETS) - TOTAL	74 231,8
Social spending	63 176,7
Economic costs	16 692,8
Financing of investment costs	18 843,7
Maintenance costs of public administration, justice and the prosecutor's office	7 443,4
Judicial maintenance costs	383,0
Self-government maintenance costs	817,7
Debt service and repayment costs	1 816,4
Other expenses	22 360,3

According to the data, the share of social expendituresin the state budget is high. In particular, this series of expenditures in 2021 will account for 58.8-56.4% of total budget expenditures and will amount to 63,176.7 billion soums.

About 57-60% of social expenditures, or 29,961.1 billion soums, are spent on education. These costs include costs associated with the maintenance ofpre-school education, general secondary and secondary special education, staff training and other institutions of the system of continuing education, providing state-guaranteed educational services includes.

5. CONCLUSIONS AND SUGGESTIONS.

In short, it is an objective necessity for the state to fulfill its functions, as well as to accumulate in its hands a certain part of the financial resources created in the country to achieve the strategic goals facing it at one stage of development. At the same time, the scale of redistribution of funds through public finances depends in many respects on the state andlevel of development.

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