



## THE ROLE OF TAXES IN THE FORMATION OF THE STATE BUDGET

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### Abstract

The article discusses the role and place of tax revenues in the formation of the state budget. It is concluded that the increase in tax revenues is not always affected by the level of the tax rate, and only a tax policy focused on stimulating national production can solve the problem of reducing state budget revenues, not only increasing the tax base, but also affecting the country's economic growth in modern conditions.

**Key words:** state budget, tax revenues, income tax, tax system, state tax policy.

Budget revenues - part of the centralized financial resources of the state necessary to perform its functions. They express the economic relations that arise in the process of formation of funds of funds, and are placed at the disposal of the authorities. Budget revenues are a narrower concept than state revenues, which include, in addition to budget funds at all levels of government, resources from extra-budgetary funds and the entire public sector. The main material source of budget revenues is the national income. When the national income is not enough to meet financial needs, the state attracts national wealth. Taxes are the main method of redistributing national income, providing the predominant share of budget revenues. In the context of the transition to market mechanisms, the revenues of the budget system have undergone fundamental changes. Taxes have become the main income in the Republic of Uzbekistan, as in countries with a developed market economy.

Thus, considering the order and sources of formation of the revenue part of the budget in modern conditions, it should be noted that the ability of the state to supply public goods and redistribute national income depends on the income it has. Possessing the legal right of coercion, the state has the opportunity to derive income not only through the sale of goods and services on the market, but also through taxation. It is taxes that are the main form of income for the modern state, which ensures its functioning.

Historically, the emergence of taxes refers to the period of division of society into social groups and the emergence of the state. The state cannot exist without taxes, since they are the main method of mobilizing income under the domination of private property and market relations. Taxes include all types of income accumulated by the state on a regular basis with the help of its right of coercion. The study of the specifics





of tax revenues, their types and methods of formation, the impact of taxes on the economy and ways to optimize the tax system is one of the most important tasks of the state economy. Thus, taxes are of decisive importance in the revenues of budgets of all levels and represent a part of the national income mobilized in all parts of the budget system. These are obligatory payments of legal entities and individuals received by the state in amounts predetermined by law and within a certain period of time [3].

Taxes, participating in the redistribution of new value - the national income, are part of a single process of reproduction, a specific form of production relations that form their social content. The social content of taxes makes it possible to penetrate into their deep essence, to reveal the inner nature and evolution, the most important signs and features, as well as the mechanism of the impact of taxes on production relations in society. Taxes as part of the distribution relations of society reflect the laws of production.

In addition to public content, taxes have a material basis, that is, they represent the real amount of society's money mobilized by the state. This part of the national income, forcibly appropriated in the form of taxes from the entire population of the country, turns into a centralized fund of the state's financial resources. The process of expropriation has a one-way movement of value (from the taxpayer to the state) without an equivalent exchange [2].

Thus, the basis of all taxes is the coercion of collection. This is one of the main features of taxes. Another sign of taxes is that there is no counter movement of value, its non-equivalence. The third sign of the tax is that it is defined, that is, in advance, the object, subject and tax rate are fixed in the legislative order.

State tax revenues are formed from the new value created in the production process (labor, capital, natural resources). They become the property of the state and are used for military-political and socio-economic activities. Taxes, being a special sphere of production relations, are a kind of economic category with stable internal properties, patterns of development and distinctive forms of manifestation.

Taxes express real-life monetary relations, manifested in the process of withdrawing part of the value of the national income in favor of national needs. These tax relations as part of financial relations are in constant change. Taxes are not only an economic category, but also a financial category at the same time. As a financial category, taxes express the general properties inherent in all financial relations, and their distinctive features and features, their own form of movement, that is, functions that distinguish them from the totality of financial relations.





The functions of taxes reveal their socio-economic essence, inner content. In modern conditions, taxes perform two functions: fiscal and regulatory, each of which shows the internal content, signs and features of this financial category.

The fiscal function is the main one, characteristic initially for all states. With its help, state monetary funds are formed, i.e. material conditions for the functioning of the state. It is this function that provides a real opportunity to redistribute part of the value of the national income in favor of the least well-to-do social strata of society. The fiscal function of taxes creates objective prerequisites for state intervention in economic relations, i.e. it determines the regulatory function.

The regulatory function means that taxes, as an active participant in redistribution processes, have a serious impact on reproduction, stimulating or restraining its pace, strengthening or weakening capital accumulation, expanding or reducing the effective demand of the population. This function is inseparable from the fiscal and is closely related to it. The expansion of the tax method in mobilizing the national income for the state cause's constant contact of taxes with the participants in the production process, which provides it with real opportunities to influence the country's economy, at all stages of reproduction.

The growth of productive forces in the conditions of scientific and technological revolution causes the need for state intervention in the production process. This raised tax regulation to a new level. With the expansion of income taxation, the main tax objects are the income of the population and the profits of enterprises, and the main subjects are individuals and legal entities. First, taxes affect the level and structure of aggregate demand, and through the mechanism of market demand, they can promote production or slow it down. Secondly, the size of taxes determines the level of wages. Thirdly, the ratio between production costs and the price of goods and services depends on taxes [4].

Thus, tax regulation is one of the forms of market economy management. Carrying out market reforms in Uzbekistan is impossible without the creation of an effective taxation system. Problems of the budget, the budget process are inextricably linked with the tax system. By imposing taxes, the state pursues the following goals:

- Withdrawal from enterprises and the population of part of their income in their favor. This is how the fiscal function of taxes is implemented, which is associated with the formation of the revenue part of the state budget, ensuring the redistribution of national income and creating conditions for effective public administration.
- impact through the tax mechanism on the processes of production and circulation, which is achieved by stimulating or curbing their pace, strengthening or weakening





the accumulation of capital, increasing or decreasing the effective demand of the population.

Thus, the regulatory function of taxes is manifested. The economic mechanism of the taxation system can achieve its goal if equal economic conditions are created for all enterprises, regardless of organizational and legal forms and forms of ownership. It should ensure the interest of enterprises in obtaining more income through the use of such elements of the tax as rates, benefits, payment terms, which in turn will solve the problem of saturating the consumer market with goods and services, accelerating scientific and technological progress, and meeting the urgent social needs of the population [5].

In accordance with the Tax Code of the Republic of Uzbekistan, the legislation of the Republic of Uzbekistan on taxes and fees consists of the Tax Code of the Republic of Uzbekistan, and state laws on taxes and (or) fees adopted in accordance with it. The Code establishes a system of taxes levied to the federal budget, and also defines the general principles of taxation and fees in the Republic of Uzbekistan:

- Types of taxes and fees;
- The reasons for their occurrence;
- The procedure for payment and fees;
- Rights and obligations of taxpayers and tax authorities;
- Forms and methods of tax control;
- System of responsibility for the content of tax offenses;
- The procedure for appealing against the actions of tax authorities [4].

On January 1, 1992, the Law "On the Fundamentals of the Tax System in the Republic of Uzbekistan" came into force. This law implements the following basic principles for building the tax system:

- A unified approach in matters of taxation, including granting the right to receive tax benefits, as well as protecting the legitimate interests of all taxpayers;
- A clear delineation of rights to establish and collect tax payments between different levels of government;
  - The priority of the norms established by tax legislation over other legislative and regulatory acts that are not related to the norms of tax law, but to some extent affecting taxation issues;
- Single taxation, meaning that the same object can be taxed by one type of tax only once for the period of taxation established by law;
- Determination of a specific list of rights and obligations of taxpayers, on the one hand, and tax authorities, on the other.





The fundamental feature of taxes is their coercive nature. From this point of view, they include not only those payments in the name of which the word "tax" is present, for example, value added tax, etc. Taxes are also customs duties, mandatory contributions to state off-budget funds, etc. All these taxes together form the tax system.

In accordance with the Law "On the Fundamentals of the Tax System in the Republic of Uzbekistan", taxes, fees and duties are levied on the territory of Uzbekistan, forming the tax system of the Republic of Uzbekistan. The law does not provide for clear boundaries between these types of payments, since all of them have features of obligation and non-equivalence, which allowed the legislator to interpret all the payments listed as taxes. At the same time, the practice of applying these payments makes it possible to identify the specific features of a tax, levy or duty.

In this regard, the tax can be considered as a mandatory, non-equivalent, impersonal payment that does not have specific directions for its use (profit tax, value added tax). The fee is a purposeful payment, the targeting of which, as a rule, is contained in its name (target fee for the maintenance of the police, fee for the needs of educational institutions), or a non-addressed payment from a certain type of activity or for the right to carry out such activity (fee for the right to trade, fee for the right to hold local auctions and lotteries, etc.).

Duty should be understood as payment for specific actions of authorized bodies performed in the interests of legal entities and individuals (state duty, customs duty). Payments that are not included in the structure of the tax system, despite the external signs of a tax (mandatory, non-equivalent), cannot be considered as taxes, as they are regulated by other regulations that provide for a different nature of responsibility than in the Law "On the Fundamentals of the Tax System of the Republic of Uzbekistan" payers. In this regard, before the adoption of the Tax Code, taxes did not include payments to state non-budgetary funds (Pension Fund, Social Insurance Fund, Compulsory Medical Insurance Fund and Employment Fund), as well as license fees [2].

The modern tax system can be classified according to various criteria. So, according to the method of collection, taxes are divided into direct and indirect; by source of payment - taxes attributable to an increase in the price of goods (works, services), to the cost of production (works, services), to financial results or net profit; according to the frequency of collection - regular and irregular.

The main group consists of direct and indirect taxes. Direct taxes are levied directly on individuals and legal entities, as well as their income and property, indirect taxes on resources, activities, goods and services. In other words, direct tax is linked directly



to the characteristics of the payer, and indirect - to the activity in which he is engaged [3].

Direct taxes include taxes such as personal income tax and corporate income tax. Direct taxes historically precede indirect ones, because they are the most simple and obvious, i.e. when they are taxed, each class of taxpayers knows exactly what share of the state's expenses it bears. Direct taxes are divided into real and personal.

Thus, we can single out the main, in our opinion, problems in the formation of tax revenues of the state budget:

1. Imperfection of the tax system, manifested in insufficient linkage with the pace of economic development and the activities of economic entities that are taxpayers.
2. Increasing tax rates to increase tax revenues to the budget is inappropriate in modern conditions, since their growth increases production costs for doing business, reducing profits and, accordingly, tax revenues.
3. Due to the unfavorable tax regime, the shadow economy and preferential economy is growing, which takes an insignificant part in the formation of budget revenues.

In this regard, in order to increase tax revenues to the federal budget of the Republic of Uzbekistan, we consider it necessary:

1. Optimization of tax rates in accordance with the mutually beneficial growth of incomes of the state and economic entities.
2. Orientation of the tax system to stimulate national production (including innovative), increasing the tax base.
3. Creation of a flexible system of taxation, providing benefits for the development of new types of industries.

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