

## TAX POTENTIAL AS AN INDICATOR OF SUSTAINABLE DEVELOPMENT OF THE REGION

Yuldasheva Umida Asanaliyevna

PhD., Associate Professor of the Department "International Finance and Credit" of the  
Tashkent Financial Institute.

### Abstract

The tax potential is the most important indicator of the socio-economic situation of the country and a particular region, which justifies the orientation of modern state policy on its development. The article discusses various approaches to the analysis of the factors of formation and development of the tax potential of the region, which made it possible to systematize them from the point of view of the basic basis for the formation of tax potential and the mechanism of its implementation.

**Keywords:** tax potential, socio-economic development, factors, tax administration, direct taxes, indirect taxes, tax efficiency, optimization of the tax burden.

### Introduction

In order to achieve sustainable socio-economic development of the region, appropriate financial support is required, an important role in the formation of which belongs to the volumes and methods of tax collection. This, as is known, is due to their versatile influence on entrepreneurial activity in the region. Therefore, the development of the taxation system should be aimed at increasing its economic feasibility, which consists in the fact that the tax system should ensure the interconnection and effective interaction between state interests and the interests of commercial activity of companies in the region.

Contradictions in the taxation system arise, because, on the one hand, an effectively structured tax system should provide the region with the maximum possible financial resources, therefore tax rates should be high enough. However, on the other hand, it is necessary to take into account the interests of taxpayers and create incentives for their work, support their desire to engage in entrepreneurial activity, since it is business that generates the bulk of tax revenues in the regions. Therefore, regional authorities and regional business should not be in a state of confrontation, they should cooperate effectively with each other. The characteristic of the tax burden by categories of taxpayers and in various sections is a key measure of the quality of the tax system of the region.

### Literature Review

In real practice, companies, in order to characterize the volume of tax payments for a certain period, use the concept of tax burden. However, in scientific terms, the category of tax potential is more meaningful for use [1]. In modern conditions, the concept of tax potential is widespread and is actively studied in scientific publications and works of an applied nature [2,3]. There are various approaches to calculating indicators of tax potential, which can be calculated both for the country as a whole, for individual regions or spheres of economic activity, and for an individual enterprise. The calculation can be carried out at various micro and macro levels.



Currently, the main attention of scientists studying this economic phenomenon is focused on describing its impact on the development of individual regions, the country as a whole or individual sectors of the economy. A number of authors also believe that it is necessary to investigate the amount of tax potential in the microeconomic aspect, for example, for individual enterprises [4].

At the same time, both specialists who carry out their activities in the system of tax authorities and scientists do not have a common opinion on the definition of the term "tax administration". In particular, A.V. Ugryumova notes that this term "is applied haphazardly, there is no unified understanding of its content"[5].

Thus, A.M.Mamurov defines it as "... enhanced tax administration regulated by regulatory acts in the field of taxation, which ensures the taxation of certain objects in a market economy ..." [6]. In turn, M.S.Mishenina and L.V.Maksimova understand tax administration as a set of procedures that ensure public administration in the field of taxation. Tax administration has a targeted focus on the implementation of tax legislation[7]. It is worth noting that O.A. Tolkachev defines tax administration as a tool for implementing tax policy and includes in the tax administration system, in particular, tax (fiscal) control tools, including taxpayer control capabilities, "Taxpayer's Personal Account", VAT control systems, online cash registers and other systems created using IT technologies[8]. E.G.Shurdumova and D.M.Kankulov understand tax administration as an organizational system that helps to implement the tax policy of the state[9].

## Research Methodology

The methodology of this article uses methods of analysis and synthesis, scientific abstraction, generalization, comparative theoretical interpretation. In addition, the scientific basis of the article is international information from the research of scientists in domestic and foreign scientific publications.

## Discussions and Results

Taking into account the above, there is currently an urgent need to study both theoretical and practical aspects of tax potential analysis. First of all, such studies are required to improve the financial management system of the region. Considering this problem on the part of the state and tax revenues to the budget system, economists do not pay attention to the assessment of the tax potential of the organization of the region, and this deserves due attention, which is of great interest in theoretical and practical aspects.

To assess the tax potential of the region as an indicator of its sustainable development, four groups of indicators can be distinguished. The first group consists of indicators reflecting the influence of the external environment of the region, possible restrictions and various criteria for the formation of a favorable tax environment. The second group consists of indicators that determine the priorities for the development of the regional tax system, as well as mechanisms for reimbursement of tax arrears and accounting for hidden tax potential. The third group includes indicators characterizing the risks associated with the formation of taxes and fees. The fourth group is indicators that describe methods for assessing regional tax opportunities and



regional obligations, which allows us to identify possible resource shortages at the regional level.

The tax potential of the region largely determines the stability of economic development in the country, because it is on it that the amount of funds received into the regional budget depends, as well as the amount of funds redistributed from the federal budget. This, in turn, affects the structure of regional production, the reproduction process, ensuring the stability and dynamism of the development of the region's economy, and, ultimately, affects the standard of living of the population.

However, the regions that make up the country have significant differences in tax potential, which is due to various factors: historical features of the region's development (financial, industrial, innovative, socio-demographic, etc.) [10]. Consequently, the authorities of the region need reliable information and a forecast on the receipt of funds, including from taxes, in the revenue part of the regional budget. Thus, an assessment of the factors affecting the tax potential of the region is required, which can be classified according to five criteria.

The first group of factors, identified on an economic basis, is, in our opinion, the most important for increasing the tax potential of the region due to the fact that it characterizes the level of economic development, which directly affects the volume of tax revenues to the budget. These include the specialization of the region, the level of gross domestic product and the prevailing price level.

The second group of factors is grouped by financial basis and determines the impact on the economic and, consequently, tax potential of the region of the financial condition of enterprises and organizations, as well as the presence of tax arrears.

Political factors (the political situation, socio-economic, budgetary and tax policy in the region) determine the impact on the economic activities of enterprises and organizations of authorities at various levels. For example, priority goals of socio-economic development of the territory are set at the regional level, which should correspond to strategic goals, taking into account the peculiarities of the geographical, economic, natural resource, and social situation of the region. The role of factors identified on an institutional basis (the stability of government institutions, the size of the shadow sector of the economy, the level of corruption in the region) have an impact through the ongoing socio-economic, tax policy, infrastructure, and the presence of the shadow sector of the economy, as is known, reduces the amount of tax revenues to budgets of any level. According to socio-demographic characteristics, the factors affecting the tax potential of the region include the population, the number and quality of the able-bodied population and the prevailing standard of living.

It should be noted that the main factors of economic growth are formed during the activities of individual sectors of the economy and economic entities that can ensure economic progress or regression due to internal and external impulses. Tax policy plays a unique role here, and the regulation of tax relations is of great importance. Consequently, the nature of these factors and the study of the extent and directions of their influence on the economic activity of subjects is of fundamental importance and, of course, should be included in every econometric model developed for economic development.

The study of the influence of production factors on economic growth and their inclusion in the model is also based on the need to ensure the efficiency of the enterprise. To substantiate this



statement, an appropriate econometric model was developed based on taxes paid by large enterprises-taxpayers of the mining sector and large taxpayers, and indicators of their profitability in the period 2022-2023.

## About budget receipts in the first half of 2022-2023[11]

(billion soums)

№	Types of taxes	receipts for July 1, 2022	receipts for July 1, 2023	Share (in percent)	Growth rate
1	<b>Total budget receipts</b>	<b>71 022</b>	<b>76 262</b>	<b>100,0</b>	<b>107,4</b>
	<i>including:</i>				
2	Direct taxes	31 128	33 582	44,0	107,9
3	Indirect taxes	22 208	22 558	29,6	101,6
4	Resource and property taxes	12 199	13 057	17,1	107,0
5	State duties and fines	1 888	2 194	2,9	116,2
6	Other taxes and fees	3 600	4 872	6,4	135,3

Based on the data in the table, we can see budget receipts for 2022-2023. Based on this, the share of direct taxes is 44%, the growth rate is 107.9%.

Thus, the tax potential of the region is closely related to the production and financial potential of the region, the stability of the economic and political situation in the country and the region. All factors, despite their classification on various grounds, should be analyzed comprehensively, because they are interdependent and complementary.

## Conclusion

Thus, the modern system of tax administration is associated with the development of tax policy, its effective implementation. To date, the tax authorities have a clear course to improve the efficiency of tax control. In this, an important role is assigned to risk assessment and information integration, information interaction with other authorities. With a decrease in the number of on-site inspections, the possibilities of conducting desk inspections increase (in particular, with the introduction of VAT), work and information exchange with individuals and legal entities are automated. All this increases the efficiency of tax administration (increases the collection of taxes, the effectiveness of inspections, ensures integration into the legitimate economic environment of the shadow and "gray" sector). Improving tax control procedures can offset the above shortcomings in tax administration, further increasing the efficiency of the entire fiscal system of the state.

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