

ISSUES OF ENSURING STABILITY OF REVENUES OF LOCAL BUDGETS

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Abstract

Effective organization of local budget revenue formation policy in modern statehood plays an important role in solving the tasks of socio-economic development of regions.

In the development of revenue policy, it is important to objectively assess the possibilities of regions for the mobilization of taxes and payments in the budget system, increase the effectiveness of factors affecting the mechanisms of formation of local budget revenues, and assess possible negative socio-economic consequences.

Introduction

The issue of improving and reforming the responsibility and powers of local government bodies is one of the most urgent issues in the practice of public finance management in developed and developing countries. Today, in Uzbekistan, the processes of improving the management mechanisms of local bodies are carried out in accordance with democratic and social standards. In the Strategy of Actions on five priority areas of development of the Republic of Uzbekistan in 2017-2021, increasing the base of local budget revenues, ensuring their financial independence, improving inter-budgetary relations aimed at strengthening the revenue part of local budgets, comprehensive and proportionate socio-economic development of regions, districts and cities is an important priority becomes important.

Priority tasks such as actively attracting foreign investments to the regions by improving the investment environment have been defined, and it is important to study the advanced experience of developed countries and apply their positive results in the republic in order to ensure the implementation of these tasks.

In particular, in the report of the President of the Republic of Uzbekistan Sh.Mirziyoyev at the extended meeting of the Cabinet of Ministers dedicated to the main results of the socio-economic development of our country in 2016 and the most important priorities of the economic program for 2017, regarding the strengthening of the tax revenue bases of local budgets, ensuring their stability and continuous development, the revenue base of local budgets they put special emphasis on expansion.

In particular, it was noted that "the funds of local budgets are not enough to finance the sustainable socio-economic development of the regions". In this regard, until now, important measures are being taken to improve the financial stability of local budgets.

Based on the above, a systematic approach to this issue plays an important role in the development of scientifically based proposals and recommendations for the effective implementation of the local budget revenue policy in the implementation of measures to increase the income of local budgets and ensure their stability. In particular, factors such as the



tax potential in determining the revenue base of the local budget, the procedure for forming the composition of local budget revenues, and the mechanisms for the distribution of tax revenues between different levels of budgets play an important role in the effective conduct of income policy in developed countries. Another of today's urgent and complex problems waiting for its solution is the existence of the hidden economy.

The hidden economy also exists in developed countries. But its share in the economy is evaluated depending on how much. In our economy, this level is quite high. Currently, according to the estimates of international and local experts, the hidden economy is equal to 45-50% of the GDP. In this regard, President Sh.M. Mirziyoev's address to the Oliy Majlis on January 24, 2020, stating that "unless the "hidden economy" that is seriously hindering our reforms is eliminated, neither healthy competition nor a favorable investment environment will be formed," indicates that this issue is an extremely urgent problem. In our opinion, the adopted normative legal documents in some cases serve the development of the underground economy. As a result, the taxes that could have gone to the state budget are not paid and the secret economy is developing. In such a situation, it is useful to support a stimulating economic policy. That is, as the income increases, the tax burden should also decrease, but the lowest limit of the tax burden should be set. As a result, it becomes beneficial for business entities to operate without hiding their income, and such a situation helps to reduce non-bank money circulation and stimulates the increase of income to the budget.

Compliance with its principles is important in the formation of budget revenues. Strict adherence to these principles in the process of tax collection increases the collection of taxes, ensures the interest of taxpayers in paying taxes, serves as a solid guarantee of increasing the role of tax revenues of local budgets, and ultimately creates the basis for the socio-economic development of regions.

This does not affect the principles of formation of tax revenue bases of local budgets. In this regard, the principles of formation of tax revenue bases of local budgets can be reflected on the basis of the following figure. (Figure 1)

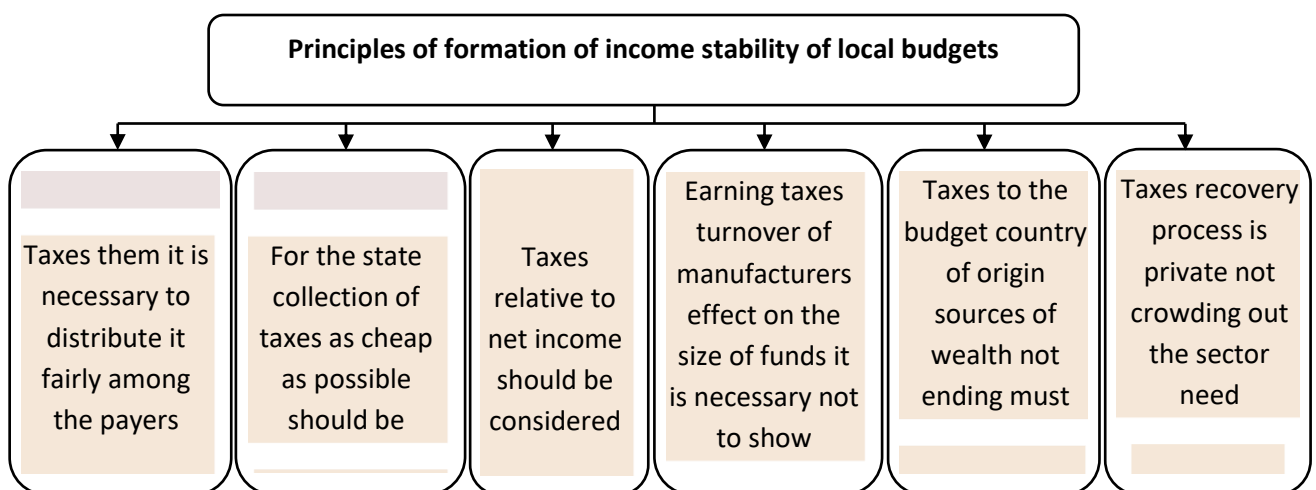


Figure 1. Principles of formation of income stability of local budgets



Currently, there are structural and organizational problems in the formation of local budgets. Systemic and organizational problems are directly related to the financial capabilities of regions. Financial opportunities depend on the natural conditions of the region, the level of socio-economic development, the economic structure and specialization of the region, the position of the country in the distribution of labor, and a number of other factors.

The decree of the President of the Republic of Uzbekistan "On additional measures to increase the financial freedom of local state authorities, to strengthen the responsibility of tax and financial authorities to ensure the completeness of revenues to local budgets" was announced. The decree provides for sustainable financing of integrated development of regions based on radical strengthening and decentralization of the revenue base of local budgets, further improvement of inter-budgetary relations, strengthening of financial freedom of local state authorities, support for the development of small business and private entrepreneurship, creation of new jobs and provision of employment for the population, engineering and communication, adopted in order to increase their responsibility in the implementation of specific goal-oriented measures to expand tax potential at the expense of rapid development of road transport and social infrastructure.

According to the newly established regulation, parameters of the budget of the Republic of Karakalpakstan, regions, Tashkent city and local budgets of the districts (cities) of the Republic of Karakalpakstan in terms of sources of income and types of expenses, as well as calculation indicators for determining reserves for increasing the income of local budgets in the Dzhokorg Council of the Republic of Karakalpakstan, regions, Tashkent city and districts (cities) of the republic at the sessions of the Councils of People's Deputies are reviewed and approved in detail during the quarter of the year.

It is known that in the current conditions, the main part of the revenues of local budgets is charged to the budget with the help of taxes. According to it, local budgets (budget of the Republic of Karakalpakstan, regional and local budgets of Tashkent city) should have balanced incomes and expenses, and their deficit is not allowed.

It is more widely manifested in the process of formation and use of additional revenues of local budgets. In turn, additional sources of local budgets are formed at the expense of:

- free residual funds of the republican budget of the Republic of Karakalpakstan, the budgets of the regions, the city budget of the city of Tashkent, the budgets of districts and cities, which are determined at the beginning of each year;
- The part of the revenues of the republican budget of the Republic of Karakalpakstan, the regional budgets of the regions, the city budget of Tashkent city, the budgets of districts and cities, which is overestimated from the forecast determined by the results of the first - third reporting quarters;
- Funds received from the privatization of state assets to the republican budget of the Republic of Karakalpakstan, to the regional budgets of the regions and to the city budget of the city of Tashkent;
- proceeds from the sale of property transferred to state income;
- funds freed up as a result of reduction of funds allocated from the budget.

At the same time, the formation of tax revenues of local budgets is a multi-factor process, in which taking into account the influence of economic, tax administration, regulatory and



political factors plays an important role in ensuring the stability of local budget revenues. (Figure 2)

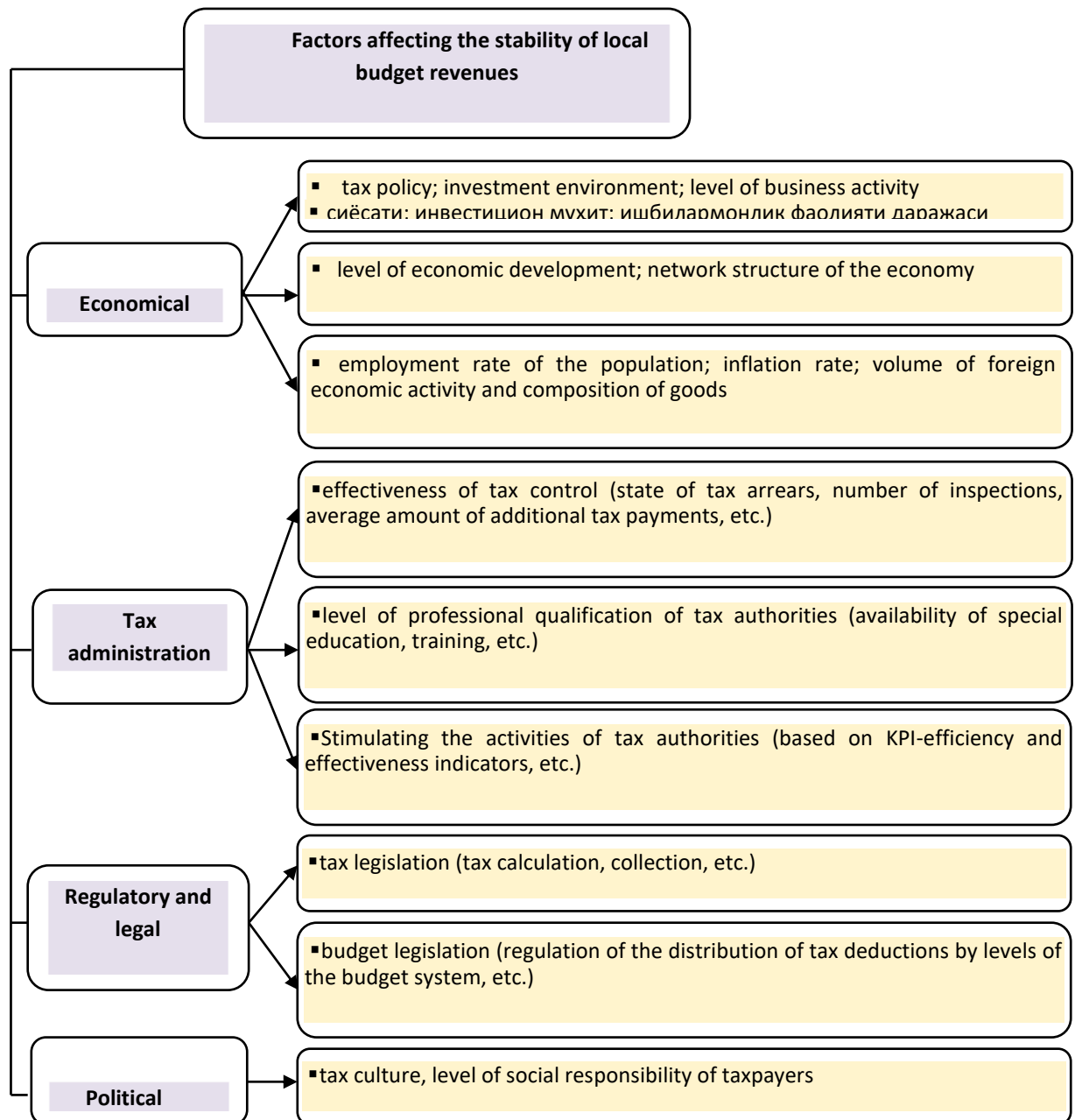


Figure 1. To the stability of local budget revenues influencing factors

Ensuring the stability of incomes of local budgets and strict adherence to the principles of income formation depends on the distribution of certain taxes between the republican and local budgets, factors affecting tax revenues.

In this regard, the following are defined as the priority tasks of tax-budget policy at the level of local budgets:

1. To fundamentally strengthen the revenue base of local budgets by attaching specific types of taxes and other mandatory payments to them;



2. Excluding regional, city and district budgets from subsidization, gradually reducing their dependence on high-level budget allocations, based on this, increasing the freedom and responsibility of local state authorities in solving the issues of socio-economic development of regions;

3. Determine additional reserves on a systematic basis to increase the income of local budgets;

4. Ensuring the transparency of the formation of local budgets and control over its implementation, with the wide involvement of the parliament and public control;

5. To strengthen the responsibility of local state authorities, financial and tax authorities for strengthening the revenue base of local budgets and ensuring timely, targeted financing of the approved parameters of expenses, further development and maintenance of social sector objects and infrastructure at an appropriate level.

Local budgets are an important component of the state budget of the Republic of Uzbekistan and are a financial source for the activities of local authorities.

Revenues of local budgets are mainly formed at the expense of local taxes and deductions from state taxes.

Further improvement of the relations between the republican and local budgets, the connection, the economic development of the regions is to eliminate the economic disparity between them as much as possible. In addition, some work has been done in the field of finding new sources of revenue for local budgets, introducing a progressive system of tax collection, and improving the existing tax revenue base, but the actual situation of these works has not yet been fully studied. Therefore, it is necessary to study and analyze the local budget activity and the stability of local budget revenues.

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