

STRENGTHENING THE REVENUE BASES OF LOCAL BUDGETS ADVANCED FOREIGN EXPERIENCES

Shoydaliyev Umid Eshquvat o'g'li

Termiz State University, "Finance and Financial Technologies"

Teacher of the Department (Freelance Researcher)

shoydaliyevumid@gmail.com

Jumayev Bekhzod Sa'dullayevich

Termiz State University Faculty of Economics and

Tourism Student of Accounting and Auditing

jumayevb001@gmail.com

Abstract

If we pay attention to the development trends of the economies of the world countries, as an important factor in the development of the regions, the expansion of the tax revenue bases of their local budgets is of great importance, ensuring comprehensive and balanced development, rational use of the available natural raw materials, production and labor potential of the regions, and the standard of living of the population. and well-being, as well as consistent continuation of systematic measures to strengthen the budget revenues of local authorities, play an important role in ensuring the economic stability of regions.

Introduction

Because in developed foreign countries, from the point of view of expanding the revenue bases of local budgets, the limited powers of local state authorities have a negative effect on assessing the tax potential of regions and increasing the tax revenues of local budgets. Therefore, conducting scientific research and putting the results into practice will serve the economic development of the region, the growth of the revenue base of local budgets and, in turn, the rise of the country's position in the international ranking.

At the current stage of economic development, the issues of ensuring the financial stability of local budgets, forming an effective tax policy capable of ensuring the economic potential and the necessary level of budget provision of the country's regions are of urgent importance.

Today, in order to create a favorable environment for investors, one can witness that they are entering into tax competition by drastically reducing the tax burden. At the same time, attention is being paid to the expansion of tax revenue bases of local budgets and finding a scientific solution to the problems related to its formation, as well as the economic development of individual regions through direct taxes.

Global annual ranking of countries paying taxes. At the same time as it is being announced, it is becoming urgent to focus on increasing the powers of the state authorities regulating the activities of local budgets in terms of budget and tax policy.



Creating a favorable environment for investors in developed countries today are important aspects of the policy of increasing the income of the population budgets: foreign experience of the EU 2014-2019. 351.8 billion in territorial policy.

Allocation of euro funds (35% of the total budget) is envisaged. A large part of the volume of financing under the direction of the regional policy known as "Investments for growth and employment" is intended for less developed regions (less developed regions - with a GDP per capita of up to 75% of the average level for the EU, taking into account the currency purchasing power parity), the rest of the volume of allocations part is divided into transition regions (transition regions - GDP per capita is 75% to 90% of the EU average) and relatively developed regions (more developed regions, GDP per capita exceeds 90% of the EU average).

Germany's experience in the field of regional policy can be significant for Uzbekistan, because the level of centralization is sufficiently high in both countries, in other words, the scale of regional redistribution of budget funds is large, and the central government plays an important role in the socio-economic development of the country and regions. One of the territorial peculiarities of Germany is the broad declaration that equal living conditions should be created in all regions of the country in the main law on the federal regulation of territorial development in the country.

In the German financial system, inter-budgetary relations or the equalization of local budget tax revenues are divided into 4 stages:

- 1) vertical distribution of taxes - the distribution of tax revenues between the federal, regional and local budgets (income tax (the share of federal and regions is 45.2%, 15% of tax revenues are transferred to the local budget), corporate income tax (50 to the federal and regional budgets %) and VAT (the distribution of which varies over the years based on the equal rights of the federal and regions to cover their costs);
- 2) horizontal distribution of taxes, i.e. it is provided by certain rules that a number of taxes will be transferred to the budgets of individual regions;
- 3) equalization of budget revenues - their horizontal redistribution between "poor" and "rich" lands (Länderfinanzausgleich);
- 4) additional grants (allocations) from the federal budget to "poor" lands.

In the second stage, the horizontal distribution of tax revenues is determined by the rule of distribution of taxes on individual lands. As a general rule, the tax is transferred to the budgets of the territories from which the taxes are collected, but income tax, corporate income tax and VAT are excluded. The transfer of income tax to the regional budget is carried out according to the principle of the place of residence of citizens.

Corporate income tax is levied at the location of the corporation's headquarters and then apportioned to the areas where the corporation actually conducts its business. The distribution of VAT is more complex, with up to 25% of VAT areas allocated to areas with below national averages in terms of per capita income tax, corporate income tax and local tax revenues.

The 75% share of the region's VAT is distributed proportionally to the population of the region. In this way, the distribution of VAT by regions leads to the reduction of differences in the level of budget provision of regions. In the third stage of financial equalization, the redistribution of funds is based on the uniformity of needs in budget income per capita in all regions, except for regional cities (Hamburg, Bremen, Berlin) that need more funds per capita.



In Spain, autonomous regions are divided into developed, medium-developed and less developed groups, not only by land area and population, but also by GDP per capita and shares of territorial gross product:

- developed (territorial gross product per capita is higher than the GDP indicator);
- medium developed (100–90% of regional gross product per capita compared to GDP indicator);
- less developed (territorial gross product per capita was less than 90% of GDP). Undoubtedly, the assessment of the extent of differences in the socioeconomic level of the regions is not limited to the size of the GDP per capita.

In the comparative study of regions in national statistics, the population in the region, the share of the population of the region in the total population of the country, the age structure of the population, population density and average life expectancy, indicators of external and internal migrations and employment structure, employment and unemployment rates, labor force value and wages amount and their various components, education level and other such demographic indicators are taken into account.

Inter-budgetary relations in the Spanish state include the financing of autonomous communities on the one hand and local (municipalities, provinces, islands) communities on the other. Basque and Navarre relations with the center are given a special status, regulated by "foral" legislation and valid on a bilateral basis (in the field of self-government and legislation, taxation, customs borders). In recent years, about 70% of the funds allocated by the state are directed to the financing of local communities and municipalities, more than 20% are spent on the provinces of the Basque Country, about 7% on the provinces of the general regime and 3% on the islands 75% of all state funds are distributed taking into account the changes in the demographic indicators of the regions, and the remaining 25% of the funds are allocated to the population of the region the share of the total population of the country is carried out in proportion to the number of citizens who are unable to work (under 16 years old and over 64 years old). Additional state funds will be directed to autonomous regions with lower than average population density. The creation of the Cooperation Fund and the Competitiveness Fund is considered as a new element of the system. The goal of the new fiscal structure is to reduce the difference in income levels between the regions, and now the regions keep half of the income tax (instead of the previous 33%). In this, local governments are empowered to set tax rates and tax deductions, as well as the minimum amount of tax-free income. Also, regions can retain 50% of VAT revenues (instead of the previous 35%).

In the U.S., federal transfers to states help maintain public utility infrastructure, pay for needy large families, provide employment and vocational training, provide education for the disabled, train immigrants, student loans and scholarships, accident and disaster relief, child insurance and school meal programs, disability benefits, and allocated to many other social payments. Financial support from state budgets makes up 33–35% of local budget expenditures, and these funds cover road construction (1/3 of all expenditures), social welfare (80%), education (50%), and health care (40%). The share of the state budget is 40%, and the share of the federal budget is 18% of municipal health care expenditures.

In addition to taxes and inter-budgetary transfers, income from municipal bonds is a channel for meeting the demand for financing. In recent years, 3.2 trillion was allocated to the



development of infrastructure due to the income from the sale of municipal bonds. US dollars have been invested, most of which is directed towards municipal housing construction, and public housing policy at the local level is important in providing financial support and creating favorable conditions for the underprivileged population.

Based on the experience of the USA, it is advisable to introduce not only taxes and revenues, but also other practices in the experience of foreign countries in order to increase the revenue base of local budgets. For example, in Uzbekistan, it is necessary to introduce the practice of issuing securities to local government bodies or attracting debt funds within local regions, that is, to turn local government bodies into securities market participants. Through the implementation of this practice, the possibility of self-financing of targeted programs and own expenses can increase. For example, this practice has been introduced in the Russian Federation, where local authorities issue securities at their own expense. The authorized amount of debt obligations should not exceed 15% of local budget expenditures. Decision-making in this regard is given to local self-government bodies. However, activities are carried out without deviating from the laws of the Russian Federation. Another characteristic is that the obligations of the state and the obligations of local authorities are defined separately. The state does not assume responsibility for the obligations of local authorities. The most important point proposed in this monograph is to allow local government bodies to issue securities (for example, bonds of local government bodies) in Uzbekistan, as well as to introduce tax incentives for buyers of issued securities. The implementation of this practice will increase the independence given to local regions and increase their opportunities to increase their income. Another point is that according to our budget legislation, local governments have the right to change up to 10 percent of local budget expenditures during the fiscal year.

Changes to local budget expenditures during the financial year must be fully transferred to the regions without the intervention of the Ministry of Finance. In this case, the determination of the sources of financing of changes at the expense of additional sources of income not specified in the forecast of local budgets is one of the factors that increase their independence, and it motivates local governments to find a new source of income and expand the income base. So, foreign experiences show that the socio-economic condition of the region and the development of the stock market play an important role in the methodology of formation of local budgets.

Local budgets structurally consist of regional, district and city budgets, and on the basis of these budgets, socio-economic development of regions, solving various socio-economic tasks of local importance, financing the activities of institutions under the local budget, social protection of the population, creativity and beautification are carried out based on this budget. is done. Timely implementation of such vital socioeconomic tasks depends on their financial basis.

Full compliance with the principles of local budget revenue formation increases the level of tax collection, ensures the interest of taxpayers in paying taxes, serves as a solid guarantee of increasing the role of tax revenue of local budgets, and ultimately prepares the ground for the socio-economic development of regions.

Strengthening the bases of local budgets' tax revenues In the pure Uzbek language, local budgets express such meanings as to stabilize, strengthen, and increase the resilience of the bases of tax revenues (compared to expenses). Ensuring the financial stability of the budget



within the relevant administrative area, which is formed from a certain proportion of national and local taxes, is called strengthening of the tax revenue bases of local budgets.

The question of the role of tax revenues in the formation of local budget revenues is tried to be explained, in most cases, by the level of their weight. Accordingly, if the indicator representing the relevant weight is high, the role is high, and vice versa, if it is low, it is concluded that the role is not decisive. In our opinion, such an approach is one-sided and does not fully show the role of tax revenues in the formation of revenues of local budgets.

References

1. Budget Code of the Republic of Uzbekistan. - T.: Justice, December 26, 2013.
2. Tax Code of the Republic of Uzbekistan. - T.: Justice, December 30, 2019.
3. The Law of the Republic of Uzbekistan "On the state budget of the Republic of Uzbekistan for 2020" No. ORQ-589. December 9, 2019.
4. Decree No. PF-4947 of the President of the Republic of Uzbekistan dated February 7, 2017 "On the strategy of actions for the further development of the Republic of Uzbekistan".
5. Decree of the President of the Republic of Uzbekistan dated June 7, 2017 No. PF-5075 "On measures to expand the powers of local state authorities in the formation of local budgets".
6. Decree No. PF-5283 of the President of the Republic of Uzbekistan dated December 13, 2017 "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."
7. Republic of Uzbekistan Decree of the President of March 19, 2020 No. PF-5969 "On priority measures to mitigate the negative impact of the coronavirus pandemic and global crisis on economic sectors".
8. Regional policy page ES / Otv. ed. A.V. Kuznetsov. - M.: IMEMO RAN, 2019.
9. Bobokhanovna, N. S. (2023). REGULATION OF REVENUES OF LOCAL BUDGETS. World Economics and Finance Bulletin, 21, 1-4.
10. Bobokhanovna, S. N. (2023). NATURE AND SPECIFIC CHARACTERISTICS OF TAXABLE REVENUES OF LOCAL BUDGETS. European Journal of Emerging Technology and Discoveries, 1(9), 79-82.
11. Соатова, Н. (2022). МАҲАЛЛИЙ БЮДЖЕТЛАРНИНГ СОЛИҚЛИ ДАРОМАД БАЗАЛАРИНИ ТАКОМИЛЛАШТИРИШ: https://doi.org/10.55439/ECED/vol23_iss5/a33. Economics and education, 23(5), 192-200.
12. Соатова, Н. (2021). Направления местного бюджета по укреплению налоговых доходов. Экономика И Образование, (4), 159-167.
13. Соатова, Н. (2020). Повышение устойчивости доходной базы местных бюджетов. Экономика И Образование, 1(4), 125-130.
14. Соатова, Н. (2020). Вопросы обеспечения устойчивости доходной базы местных бюджетов. Экономика и образование, 1(3), 129-134.
15. Sultonov, Sherali, and Nodira Soatova. "FACTORS STRENGTHENING THE TAX



- BASE OF LOCAL BUDGETS." 湖南大学学报 (自然科学版) 49.12 (2022).
16. Nuralievich, Sultanov Sherali, and Soatova Nodira Bobokhanovna. "Issues Of Strengthening Taxable Revenue Bases Of Local Budgets." *Journal of Positive School Psychology* 6.9 (2022): 4301-4308.
17. Sherali Sultonov Nuraliyevich, and Bobokhanovna, Nodira Soatova "Local Budgets Mechanisms for Strengthening Tax Income Bases." *Czech Journal of Multidisciplinary Innovations* 4 (2022):
18. Soatova, N. B. (2023). MAHALLIY BYUDJET DAROMADLARINI TARTIBGA SOLISH YO'NALISHLARI. O'ZBEKISTONDA FANLARARO INNOVATSIYALAR VA ILMIY TADQIQOTLAR JURNALI, 2(19), 27-37.
19. Sherali Sultonov, Nodira Soatova. Factors strengthening the tax base of local budgets. *Journal of Hunan University*. Vol. 49. No. 12 December 2022
20. Султанов, Ш., & Кодиров, Б. (2020). Направления формирования местных бюджетов. *Экономика И Образование*, 1(1), 113-119.
21. Sultonov, Sh. N. (2023). O'ZBEKISTONDA FOND BOZORINI TARTIBGA SOLISH YO'LLARI. O'ZBEKISTONDA FANLARARO INNOVATSIYALAR VA ILMIY TADQIQOTLAR JURNALI, 2(19), 16-26.
22. Sultonov, S. N. (2023). Fond bozorini rivojlantirish orqali iqtisodiy taraqqiyotga erishish yo'llari. *Science and Education*, 4(5), 1533-1549.
23. Sherali Sultonov Nuraliyevich, Nodira Soatova Bobokhanovna. Ways of Fund Market Development in Uzbekistan. *Eurasian Scientific Herald*.2022
24. Sherali Sultonov. Directions of state regulation of the stock market. *International Journal of Economic Growth and Environmental*. 2021
25. Nuralievich, S. S. (2023). WAYS OF REGULATING THE STOCK MARKET IN UZBEKISTAN. *World Economics and Finance Bulletin*, 21, 5-8.
26. Nuralievich, S. S. (2023). Prospects for the Development of the Stock Market in Uzbekistan. *European Journal of Pedagogical Initiatives and Educational Practices*, 1(9), 48-53.
27. Nuralievich, S. S. (2023). IMPROVING THE REGULATION OF THE STOCK MARKET IN THE NATIONAL ECONOMY. *European Journal of Emerging Technology and Discoveries*, 1(9), 83-88.
28. Султанов, Ш. (2022). ЎЗБЕКИСТОНДА ФОНД БОЗОРИНИ РИВОЖЛАНТИРИШ ЙЎЛЛАРИ: https://doi.org/10.55439/ECED/vol23_iss5/a32. *Economics and education*, 23(5), 184-191.
29. Nuraliyevich, S. S., & Bobokhanovna, N. S. (2022). Ways of Fund Market Development in Uzbekistan. *Eurasian Scientific Herald*, 7, 13-21.
30. SHERALI SULTONOV, SHERZOD ALILOV, JASUR RAZZAKOV, KHUSAN ISAEV. DEVELOPMENT WAYS OF STOCK MARKET IN UZBEKISTAN (IN THE CASE OF "TASHKENT" REPUBLICAN STOCK EXCHANGE). *Journal of Critical Reviews*.2020.

