IMPROVEMENT OF ACCOUNTING AND ACCOUNTING OF LOCAL BUDGET REVENUES

Nematov Umidjon
Master of the Academy of Banking and Finance of the Republic of Uzbekistan

Abstract

The prudent management of local budget revenues is a cornerstone of effective fiscal governance, as it enables local governments to allocate resources efficiently, promote economic growth, and deliver essential public services. However, the accounting and accounting of local budget revenues often present a complex challenge, particularly in developing countries where limited resources and inadequate institutional capacity can hinder the accuracy and reliability of financial reporting. In this article, we will examine the importance of improving accounting and accounting of local budget revenues, and discuss the key strategies and best practices that can be employed to achieve this objective.

Keywords: state budget, overall revenue, market relations, local budget, range system, financial support, statistics.

Introduction

The price range gadget is vital in strengthening the independence of the kingdom economically. Because a massive quantity of economic assets is targeted in this budget, and then they are redistributed and targeted on making sure social and financial growth. In the prerequisites of the transition to market relations, the course chosen by means of our republic is a socially oriented, civilized market economy, and the kingdom will have to actively take part in its regulation. The fiscal coverage of the kingdom has a one-of-a-kind vicinity in this process. One of the advantageous equipment of this coverage is taxes, which structure the income base of the budget. The improved this base is and the extra fabulous the charges are, the greater steady the finances machine is. Local budgets have a very massive function in the price range system, which is specifically evident in the context of finances federalism. One of the needs of monetary liberalization is to amplify the significance of neighborhood budgets in regional financial and social development. The economic supply of regional improvement is now not solely agencies and organizations, however additionally neighborhood finances funds. Therefore, guaranteeing nearby budgets with extra incomes and receipts is the essential component in its stabilization. Naturally, when the finances balance is achieved, nearby authorities will have the possibility to financially aid their efforts to extend the manufacturing potential and effectivity of financial undertaking in their areas and to make sure social development.

Literature Review

The historical context of Uzbekistan's local budget systems is essential for understanding the current dynamics of revenue management and reporting. During the Soviet era, local governments had minimal autonomy in fiscal matters, with budgetary decisions tightly

controlled by the central government. According to Mirzaev (2005), the Soviet-era fiscal system limited the capacity of local governments to manage revenues independently, as most resources were pooled centrally. Local authorities acted more as administrative extensions rather than autonomous financial entities.

After Uzbekistan gained independence in 1991, significant reforms were introduced to decentralize financial management. Akbarov (2007) highlights that in the 1990s, the Uzbek government began transferring some fiscal powers to local authorities, enabling them to manage their own revenues and expenditures to a greater extent. These reforms, however, faced several challenges, including limited administrative capacity and a lack of technical expertise at the local level.

More recent literature emphasizes the importance of further decentralization in line with international best practices. Rakhimov (2010) discusses the need for strengthening the fiscal independence of local governments by allowing them to retain a larger share of tax revenues. He notes that while Uzbekistan has made strides in fiscal decentralization, more needs to be done to ensure local governments have sufficient financial autonomy and accountability.

Improving the Calculation of Local Budget Revenues

Accurate revenue calculation is a fundamental aspect of effective budget management at the local level. Uzbek scholars have examined various strategies to improve revenue estimation and forecasting, focusing on modernizing the methodologies used by local governments.

Jumayev (2015) explores the importance of introducing advanced financial forecasting tools to enhance the accuracy of local revenue projections. He emphasizes the use of econometric models and data analytics to predict future revenues based on factors such as population growth, economic conditions, and tax base expansion. According to Jumayev, adopting digital tools for revenue forecasting would significantly improve the financial planning capabilities of local governments.

The literature also addresses the specific challenges related to tax revenue calculation, particularly for property and land use taxes. Bektemirova (2020) identifies property taxes as a critical, yet underutilized, source of revenue for local governments in Uzbekistan. She argues that the inconsistent valuation of properties, combined with outdated registration systems, hampers the effectiveness of property tax collection. Bektemirova advocates for the adoption of Geographic Information Systems (GIS) to create accurate and up-to-date property records, which would enhance revenue generation through property taxes.

Karimov (2021) similarly highlights the potential for improving tax revenue calculation by adopting a more scientific approach to land valuation. He discusses the benefits of using automated valuation models (AVMs) and regular audits to ensure the accuracy of land assessments, which in turn can lead to more accurate tax revenue estimates. Karimov's work emphasizes the need for local governments to invest in technology and training to improve their revenue calculation processes.

Transparency and Reporting of Local Budget Revenues

Transparent and accurate reporting of local budget revenues is crucial for fostering accountability and public trust. Several Uzbek scholars have explored how local governments can improve their financial reporting practices to ensure greater transparency and compliance with international standards.

Safarova (2018) emphasizes the importance of transparency in the reporting process, noting that clear and accessible financial reports help build trust between local governments and their constituents. She argues that when local governments are transparent about their revenue sources and expenditures, it strengthens public confidence in how taxes and other revenues are being utilized. Safarova's work points to the need for Uzbekistan to adopt international standards of financial reporting, such as the International Public Sector Accounting Standards (IPSAS), to improve the comparability and reliability of local budget reports.

Digital solutions are also central to enhancing the transparency of local budget reporting. Akmalov (2019) advocates for the use of open budget portals, where local governments can publish real-time data on their revenues and expenditures. According to Akmalov, these platforms would allow citizens and civil society organizations to monitor financial activities, reducing the potential for corruption and ensuring that local revenues are being used effectively. Furthermore, Ergashev (2021) explores the concept of participatory budgeting, which involves engaging citizens directly in the budget planning process. His research suggests that when local governments involve citizens in decision-making, particularly with respect to how revenues are allocated, it promotes greater accountability and ensures that local priorities are addressed. Participatory budgeting, as described by Ergashev, can also help improve the accuracy of revenue reporting by incorporating feedback from the community.

Challenges and Opportunities for Reform

While significant progress has been made in improving the calculation and reporting of local budget revenues in Uzbekistan, several challenges remain. Many local governments face capacity constraints, including a lack of trained personnel and limited access to modern financial tools. Khasanov (2016) argues that these capacity gaps hinder the ability of local authorities to implement best practices in revenue calculation and reporting. He recommends increasing investments in human capital development through training programs focused on financial management and digital literacy.

Another challenge, as noted by Nishonov (2020), is the unequal distribution of revenues across regions. Wealthier urban centers, such as Tashkent, generate significantly higher revenues than rural and less developed regions. This disparity creates challenges for ensuring equitable access to resources and services. Nishonov suggests that Uzbekistan needs to implement stronger fiscal equalization mechanisms to balance the revenue distribution between regions, while still incentivizing local governments to enhance their own revenue collection efforts.

Iskandarov (2022) further highlights the importance of continued digitalization in overcoming these challenges. He emphasizes that digital platforms not only improve the accuracy of revenue calculations but also streamline the reporting process, making it easier for local governments to meet transparency requirements. Iskandarov argues that further investment in digital infrastructure will be crucial for modernizing local budget management and ensuring the long-term sustainability of fiscal reforms.

Background and Rationale

Tax and accounting are very closely related. Accounting data are the basis for calculation, payment, and control of taxes, including those in the local budget. At the same time, accounting does not only fulfill the function of minimizing tax risks. In the era of economic uncertainty,

even efforts are made to demonstrate profits as much as possible to reduce the cost of capital. Accounting, as a means of allocating credit resources, becomes no less and perhaps more important. Sound accounting rules have long been a universal condition for companies in developed capital markets where the state provides only the framework for the application of economic market mechanisms. If markets are imperfect or do not exist at all, as in relation to local budgets, then the role of rules for the disclosure of prudently compiled information is even stronger.

The importance of the role of accounting in the organization of the preparation and use of budget documentation is great. However, norms and rules of accounting, as the basis for the presentation of budget data, are not always comprehensible to the public authorities and organizations that prepare or use budget information. Reasonable simplification of modern accounting rules in the part of charter accounting and national reporting is a necessary condition for improving the quality of functioning of local budgets. The current rules are based largely on the detailed order of organization and content of information that is obligatory for the capital market. Many excessive requirements are due to the disparity of relations between the participants in the capital and credit markets and activities as the subjects of business that do not claim to be a public interest entity. Due to the more complex relationships of the owners and managers of public interest entities, a high degree of formalization and standardization of the arrangement is justified, but only with respect to a limited number of economically significant relationships that are the reason for serious conflicts of interest.
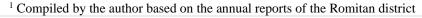
Analysis and Results

The total revenues of the local budget of Romitan district in 2023 amounted to 75,004 million sums. Budget revenues are formed from various taxes and compulsory payments, the share of each of them in relation to the total income is different. Below are a detailed breakdown of 2023 earnings:

Revenues of the local budget of Romitan district in 2023[1]

in million so`m

№	Name of tax and mandatory payments	Income	Share of total revenue
1	Profit tax from legal entities	0	0,00%
2	Turnover tax	12 109	16,10%
3	Personal income tax	24 139	32,20%
4	Fixed income tax levied on legal entities and individuals engaged in business activities	993	1,30%
5	Value added tax	0	0,00%
6	Excise duty, total	0	0,00%
7	Tax on property of legal entities	0	0,00%
8	Tax on the property of individuals	7 070	9,40%
9	Land tax of legal entities	5 331	7,10%
10	Land tax on individuals	19 790	26,40%

[1] Compiled by the author based on the annual reports of the Romitan district

11	Subsoil use tax (mining materials)	66	0,10%
12	Tax for use of water resources	3 772	5,00%
13	State duty	0	0,00%
14	Penalties	0	0,00%
15	Infra	0	0,00%
16	Fees	0	0,00%
17	Income from the markets	0	0,00%
18	Rent payments on state property	153	0,20%
19	Dividend income of state unitary enterprises	0	0,00%
20	Other income	1 581	2,10%
	Total income	**75 004**	**100,00%**
1	Direct taxes	37 242	49,70%
2	Indirect taxes	0	0,00%
3	Resource taxes	36 029	48,00%
4	Others	1 734	2,30%
	Overall revenue	**75 004**	**100,00%**

1. Profit tax from legal entities:

• Income: 0 million sums

• Share of total revenue: 0%

• In 2023, there were no profit tax revenues from legal entities.

2. Turnover tax:

• Revenue: 12,109 million sums

• Share of total revenue: 16.1%

• This tax had a significant place in the budget and made up 16.1% of the total income.

3. Income tax from individuals:

• Income: 24,139 million sums

• Share of total revenue: 32.2%

• Income tax from individuals made up the largest part of budget revenues, i.e. 32.2 percent.

4. Fixed income tax levied on legal entities and individuals engaged in business activities:

• Income: 993 million sums

• Share of total revenue: 1.3%

• This tax has a small part of budget revenues.

5. Value added tax:

• Income: 0 million sums

• Share of total revenue: 0%

• Value added tax revenues were not available in 2023.

6. Excise tax:

• Income: 0 million sums

• Share of total revenue: 0%

7. Tax on property of legal entities:

• Income: 0 million sums

• Share of total revenue: 0%

8. Tax on property of natural persons:

• Revenue: 7,070 million sums

• Share of total revenue: 9.4%

The analysis of revenues of the Romitan district budget for 2023 shows that personal income tax (32.2%) and land tax (26.4%) are the main sources of the budget. Direct taxes accounted for 49.7 percent of total revenue, and resource taxes covered 48.0 percent.

Conclusion

In the final analysis, improving the accounting and accounting of local budget revenues is essential for local governments to achieve their fiscal objectives, promote economic growth and development, and deliver essential public services. By taking a comprehensive and integrated approach to improving accounting and accounting of local budget revenues, local governments can promote transparency and accountability, enhance the efficiency and effectiveness of financial reporting, and ultimately, promote the overall well-being of citizens. In order to sustainably improve accounting and accounting of local budget revenues, local governments should adopt a long-term perspective and a comprehensive approach that addresses all aspects of financial management. This can involve the establishment of clear financial policies and procedures, the development of a skilled and professional accounting workforce, and the adoption of modern accounting systems and e-government platforms. Additionally, local governments should also engage with citizens and other stakeholders to promote transparency and accountability, and to seek feedback on their financial reporting and management practices. Ultimately, the improvement of accounting and accounting of local budget revenues is a complex and ongoing process that requires sustained commitment, effort, and resources. However, by taking a comprehensive and integrated approach to improving financial reporting and management, local governments can promote economic growth and development, enhance the efficiency and effectiveness of financial reporting, and ultimately, promote the overall well-being of citizens.

Recommendations:

1.Establish modern accounting systems: Local governments should establish modern accounting systems that are based on international accounting standards, such as the International Public Sector Accounting Standards (IPSAS).

2.Invest in human resource development: Local governments should invest in the development of their human resources, including the training and capacity-building of accounting personnel.

3.Adopt e-government systems: Local governments should adopt e-government systems, including online platforms for financial reporting and management.

4.Implement internal control mechanisms: Local governments should implement internal control mechanisms designed to ensure the accuracy and reliability of financial reporting.

5.Leverage international support: Local governments should leverage international support, including technical assistance and capacity-building programs, to support their efforts to improve accounting and accounting of local budget revenues.

6.Engage with citizens and other stakeholders: Local governments should engage with citizens and other stakeholders to promote transparency and accountability, and to seek feedback on their financial reporting and management practices.

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