

Issues Of Strengthening Taxable Revenue Bases Of Local Budgets

Sultanov Sherali Nuralievich¹, Soatova Nodira Bobokhanovna²

^{1,2}*Tashkent Institute of Finance*

Abstract: The article contains proposals and recommendations for strengthening the tax revenue bases of local budgets, where the main directions of increasing the role of tax revenues in the formation of local budget revenues are identified and scientifically and practically substantiated. Also, practical recommendations on increasing the share of tax revenues of local budgets and strengthening the base of tax revenues have been developed.

Key words: budget, taxes, taxable income, income base, local budget, benefits.

INTRODUCTION

The development of our country is directly dependent on the practical work we do today and the measures we take tomorrow. Therefore, in the new stage of the country's development, we need to work harder than ever, to think about new ideas and initiatives. Development of the budget of regions, especially our districts, forms the basis of the country's economy. Also, the economic development of the country is closely dependent on the independent development of not only the central government bodies, but also the lowest levels of the country. In this sense, the Address of the President of the Republic of Uzbekistan to the Parliament on the completion of the main works carried out in 2017 and the most priority directions of socio-economic development of the Republic of Uzbekistan in 2018, which he made for the first time in the history of our independent statehood, gave an objective assessment of the current state of local government bodies. "How can it be understood if the local government bodies do not have the authority to solve even simple issues?" It is not for nothing that he asked the question crosswise. The economic independence of local regions is determined by the presence of their own source of income, the potential of local, that is, district budgets to generate their own income and fully realize their expenses from these incomes determines the importance of local budgets in front of the state budget. Local budgets should have enough

financial means to solve their tasks in different directions in their territory.

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 financial independence of the regions is understood as the ability to fully and purposefully cover the budget expenses of their administrative regions in a timely manner and in the specified amounts through the fixed and regulatory income of certain shares that they will have through their financial capabilities.

The development strategy of our country focuses on increasing the independence of local regions and expanding the income base. At the same time, the President's Decree "On approving the Action Strategy Program for five priority areas of development of the Republic of Uzbekistan in 2017-2021" defined the following tasks for the complex and balanced socio-economic development of regions, districts and cities, effective and optimal use of their potential:

- ensuring comprehensive and effective use of natural, mineral and raw materials, industry, agriculture, tourism and labor

potential of each region for rapid socio-economic development, increase of people's living standards and incomes;

- to reduce the difference in the level of socio-economic development of the regions due to the expansion of the scope of modernization and diversification of the economy of the regions, first of all, to rapidly develop the compared districts and cities by increasing the industrial and export potential;
- expansion of the revenue base of local budgets due to the reduction of subsidized districts and cities, rapid development of the industry and service sector.

In the program defined by the head of our state, the main goal is to increase the economic potential of the regions, that is, regional development. Regional development is the development of natural-material and value forms of the movement of financial resources and ensuring the functioning of the system of interdependence between the entire territorial system, that is, its structural elements (natural-climatic, geopolitical, economic, financial, demographic, informational and institutional structure of the regions) for the purpose of continuous circulation of these financial resources.

Research methodology and analysis and results.

While studying the issues of strengthening the tax revenue bases of local budgets in the Republic of Uzbekistan, we should first ensure the growth of the economic development of the region. Increasing the potential of financial resources of regions is one of the important factors of ensuring the stability of local budgets.

Formation of income of local budgets at the expense of state taxes is expressed by the fact that it is not possible to finance their expenses at the expense of local taxes and fees, which are the primary source of income of local budgets. At this point, it should be noted that in the context of limited powers of local authorities on local taxes and levies directly assigned to them, deductions from state taxes further limit their powers to

strengthen their income base. However, in spite of this, local self-governing bodies are also given certain powers regarding state taxes, which are mainly the income tax of individuals engaged in business activities and the fixed tax levied on legal entities and individuals engaged in separate business activities. based on the level of their base rates, the lower limits of which have been established, they have the authority to set their exact rates for their regions without exceeding this limit. However, the limited powers of local authorities on taxes and fees, which form the basis of their income, in some sense limit the interest of local authorities in strengthening their income. At the same time, the existence of the subsidization system of local budgets' income formation means that they are dependent on the higher budget. This does not allow the full implementation of the state policy aimed at ensuring the freedom of local authorities in the conditions of economic liberalization.

In order to increase the income of the regions, it is advisable to introduce not only taxes and revenues, but also other practices existing in the experience of foreign countries. 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. By introducing such a 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, and local authorities issue securities at their own expense. The permitted amount of debt obligations should not exceed 15 percent 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 local government obligations.

The proposed aspect of our study is to allow local governments to issue securities (for example, local government bonds) in Uzbekistan, as well as to introduce tax incentives for buyers

of issued securities. The introduction of such a practice increases the independence given to local regions and increases their opportunities to increase their own 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. Our proposal is that during the fiscal year, the changes to local budget expenditures should be given to the regions in full 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 shown in the forecast is one of the factors that increase their independence, and local governments will try to find a new source of income and expand the income base.

Currently, the coronavirus pandemic, which is causing great concern and worry all over the world, has not spared Uzbekistan. During the coronavirus pandemic, effective measures are being taken under the leadership of the head of state to provide additional support to individuals who have lost their main sources of income, segments of the population in need of social protection, and business entities, and to prevent the economy from falling into a state of default. Here I would like to quote from the speech of the President of the Republic of Uzbekistan Shavkat Mirziyoyev at the extraordinary summit of the Cooperation Council of Turkic-speaking countries held on April 10, 2020: "This pandemic, due to its scope and scale, is an unprecedented global crisis, a very serious test for the fate of all mankind and the world economy. has become" is extremely important. In order to reduce the negative impact of this danger on the stable socio-economic development of our country, several decrees and a plan of measures were developed and put into practice. In particular, the Decree of the President of the Republic of Uzbekistan dated March 19, 2020 No. PF-5969 "On priority measures to mitigate the negative impact of the coronavirus pandemic and global crisis on economic sectors" was adopted.

According to this decree, without establishing a legal entity under the Ministry of Finance of the Republic of Uzbekistan, 10

trillion. the establishment of the Anti-Crisis Fund in the amount of soums and the following were determined as the main directions of using the funds of the Anti-Crisis Fund:

- ✓ Support of entrepreneurship and population employment:
 - ✓ Extinguishing loans attracted under the state guarantee of the Republic of Uzbekistan;
 - ✓ Taking measures to support strategic enterprises by the state by allocating interest-free budget loans for the implementation of first-level expenses;
 - ✓ by allocating interest-free budget loans for a period of up to three years, to compensate for uncollected revenues in the budget of the Republic of Karakalpakstan, regional and local budgets of Tashkent city;
 - ✓ reduction of the minimum monthly amount of social tax for individual entrepreneurs to 50% of the base calculation amount;
 - ✓ reducing the amount of deductions from 5 percent to 3 percent of enterprises engaged in wholesale trade of alcohol products;
 - ✓ reduction of fees for the right to retail sale of alcohol products for public catering enterprises by 25% from the specified amounts;
 - ✓ The deadline for submitting the declaration on the total annual income of individuals for 2019 will be extended until August 1, 2020;
 - ✓ District and city Councils of People's Deputies are authorized to reduce the fixed amounts of income tax from individuals by 30% for individual entrepreneurs whose activities are directly or indirectly related to the tourism sector;
 - ✓ Local government authorities are authorized to delay (pay in installments) for 6 months without charging interest on the payment of property tax, land tax and tax for the use of water resources;
 - ✓ suspension of property tax, land tax and tax penalties for using water resources;
- that until October 1, 2020, exporters are given the right to make independent decisions about providing subsidies from the funds allocated to the Export Promotion Agency to compensate a part of their transport costs;

It should be emphasized that unprecedented privileges and rights will be given, such as increasing the capitalization of the state fund for business support up to 500 billion soums.

The results of the analysis and research carried out in the second chapter of the research show that there are some serious problems in the financial situation of local budgets, the formation of tax revenues and the strengthening of tax revenue bases:

- firstly, the revenues of local budgets are not sufficient to finance the socio-economic development of the regions of the country. During 2016-2020, the total amount of State budget revenues in our country increased by 3.1 times under the influence of all factors, while the level of growth of the total amount of local budget revenues due to all factors was equal to 1.7, and tax revenues increased only by 1.8 times;
- secondly, the role of property and land taxes, tax for using water resources, and taxes for using underground resources (or minerals) in the formation of local budget revenues is insignificant and does not allow timely and effective solution of the existing socio-economic problems in the regions;
- thirdly, the existence of specific problems in the process of collection of property and land taxes as part of taxable income. The problem is that the population does not try to pay these taxes on time compared to other taxes, and this causes various problems in the process of its collection and indicates that the process of collection of these taxes has not been improved;

- fourthly, as a result of the inefficiency of local tax administration mechanisms, the level of their collection is insufficient.

In this regard, it is desirable to increase the weight (contribution) of the mentioned taxes in the formation of local budget revenues and to improve the mechanism of their collection to the budget, on this basis, to expand the financial capabilities of local state authorities, to strengthen their financial independence. At the same time, this issue requires measures to determine the amount of local taxes, increase the rates of some taxes, improve the taxation practice and apply reduction coefficients in the tax system. The first of such activities concerns the determination of the amount of the tax for the use of the subsoil for construction materials.

According to the results of the research, the income from the tax for the use of the subsoil for construction materials is not provided properly. One of the main reasons for this is the ad valorem rate set for this type of tax. In particular, if the payer understates the value of the mineral, the legislation does not allow him to calculate the amount of tax due to him. In addition, the insufficient development of markshader services in the republic does not allow for a deep analysis of the processes related to this type of taxes.

In this regard, it is desirable to increase local budget revenues by setting the minimum amounts of tax for the use of subsoil for construction materials.

The following table shows the positive impact of this tax on the revenues of local budgets.

Table 1 Local budget of land use tax impact on income (in billion soums)

Directions	According to the previous order	In the suggested order	difference (+; -)
Construction is small stones	13,2	31,0	17,8
Construction sand	13,0	29,0	16,0
Brick and tile raw materials	13,0	26,0	13,0
Limestone-shell	3,0	7,3	4,3

Marble child	1,1	3,2	2,1
Blocks of natural decorative stone	0,9	2,3	1,4
Gypsum stone, gypsum and anhydride, ganch	0,6	1,2	0,6
Stones for sawing, paving stone and gravel	0,5	0,8	0,3
Total	45,3	100,8	55,5

It can be seen from the table that in 2020, revenues from the tax for the use of the subsoil will be 55.5 billion, compared to the current system. increased to soums.

The second measure aimed at strengthening the revenue base of local budgets is to increase the rate of certain taxes. One such tax is a water resource tax on alcohol producers. It is known that the main purpose of water resources tax is efficient and rational use of resources. Also, according to general theories of taxation, the tax burden of taxpayers of similar categories should be close (adequate). In practice, the water tax for non-alcoholic beverages was at a high rate, and a very low rate was set for alcoholic beverages.

In order to increase the income of local budgets, it is appropriate to pay a higher rate for the water used by alcohol enterprises. The

"losers" of this proposal - alcohol production enterprises - have relatively few supporters in society - there are many supporters of a high tax burden on alcohol products. "Winners" are the local budget and non-alcoholic beverage producers (the tax burden is equal to them).

The table below shows the positive effect of the increase in the tax rate for the use of water resources (applying the fixed rates for non-alcoholic beverages) on the income of local budgets in relation to the producers of alcohol products. According to the proposed procedure, in 2020, the increase of the tax rate for the use of water resources in relation to the producers of alcohol products will amount to 23.3 billion in addition to local budgets. funds in the amount of soums are provided.

Table 2 To increase the tax rate for the use of water resources in relation to producers of alcohol products impact on the income of local budgets (in billion soums)

№	Areas	According to the previous order	In the suggested order	difference (+; -)
	Republic of Karakalpakstan	0,3	0,5	0,2
	Andijan region	0,7	1,1	0,4
	Bukhara region	1,1	1,7	0,6
	Jizzakh region	x	x	x
	Kashkadarya region	2,8	4,2	1,4
	Navoi region	0,5	1,9	1,4
	Namangan region	1,3	2,1	0,8
	Samarkand region	1,6	2,4	0,8
	Surkhandarya region	0,6	1,0	0,4
	Syrdarya region	0,2	0,4	0,2
	Tashkent region	22,8	33,7	10,9
	Fergana region	3,9	5,9	2,0
	Khorezm region	1,1	1,7	0,6
	Tashkent city	8,7	12,4	3,7
	Total	45,7	69,0	23,3

In this regard, it is necessary to implement an increase in the tax rate for the use of water resources (applying the fixed rates for non-alcoholic beverages) in relation to the producers of alcohol products.

The third of the activities aimed at strengthening the revenue base of local budgets concerns the property tax. Previously, buildings were not subject to property tax after depreciation. But in practice, these properties are the subject of income, that is, income is earned through their use, and even if they are realized, they bring income.

The fact that the buildings are not subject to property tax after they have been depreciated also leads to a violation of competition between those who buy a new building and conduct business activities and those who operate in the old building. In this regard, it is appropriate to implement taxation of fully depreciated buildings based on their reassessed (market) value.

Taxation of fully depreciated buildings based on reassessed (market) value leads to an increase in local budget revenues. This is also confirmed by the following table.

Table 3 The impact of taxation of fully depreciated buildings on the basis of reassessed (market) value on the income of local budgets

№	Areas	Amount of additional income due to revaluation of buildings, bln. in sum
1.	Republic of Karakalpakstan	2 909,2
2.	Andijan region	2 766,7
3.	Bukhara region	2 384,5
4.	Jizzakh region	1 715,8
5.	Kashkadarya region	2 948,3
6.	Navoi region	1 019,2
7.	Namangan region	2 716,1
8.	Samarkand region	3 292,9
9.	Surkhandarya region	2 703,1
10.	Syrdarya region	891,1
11.	Tashkent region	3 279,8
12.	Fergana region	3 184,7
13.	Khorezm region	2 188,4
14.	Tashkent city	3 796,6
	Total	35 796,3

According to the proposed procedure, in 2020, as a result of taxation of fully depreciated buildings based on the reassessed (market) value, 35,796 billion will be added to local budgets. the arrival of funds in the amount of soums is ensured. Such a procedure exists in the experience of many foreign countries.

Application of reducing coefficients in the taxation system is the fourth measure of

strengthening the revenue bases of local budgets. In particular, the inclusion of railways, main pipelines, communication and power transmission lines, conserved real estate objects in the property tax and land tax bases and the application of reduction coefficients for them will serve to increase the income of local budgets. This can be seen from the table below.

Table 4 The impact of the inclusion of railways, main pipelines, communication and power transmission lines, conserved real estate objects in the property and land tax bases and the application of reducing coefficients for them on the income of local budgets

№	Directions	Amount of additional income, bln. in sum
1.	Railways	33,1
2.	Communication and power lines	18,6
3.	Main pipes	3,2
4.	Conservation real estate	1,2
Total		56,1

The effective implementation of these measures aimed at increasing the income of local budgets will make it possible to strengthen their tax revenue bases in the near future.

CONCLUSION

The high share of tax revenues in the income structure of local budgets and the further strengthening of these income bases will lead to comprehensive socio-economic development of the regions, provision of the interests of the residents of the respective regions, further improvement of their life and standard of living, rational use of material resources in the region, consistent and consistent implementation of social and economic reforms in the regions. provides an opportunity to ensure effective implementation, expand the powers of local state authorities.

In order to strengthen the tax revenue bases of local budgets, in particular, in practice, the following scientific proposal and practical recommendations are of great importance: to strengthen the revenue of local budgets and to ensure the principle of fairness of taxation, it is necessary to increase local budget revenues by setting the minimum amounts of tax for the use of subsoil for construction materials ; in order to ensure the financial stability of local budgets, it is necessary to increase the tax rate for the use of water resources in relation to producers of alcohol products (applying the rates set for non-alcoholic beverages); Taxation of fully depreciated buildings on the basis of reassessed (market) value should be implemented.

In order to strengthen the tax revenue bases of local budgets, it is appropriate to include railways, main pipelines, communication and

power transmission lines, conserved real estate objects in the property tax and land tax bases and apply reducing coefficients for them.

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