



ISSUES OF IMPROVING BUDGET-TAX POLICY

SUKHROB ALLAYAROV

Abstract

Keywords:

fiscal policy, tax burden, optimization, economic growth

The article discusses the optimization of fiscal policy on the example of the economy of the Republic of Uzbekistan. In order to achieve economic growth and development of the economy, it is necessary to use measures to stimulate and increase the effectiveness of tax policy, in particular the tax on land use.

Author correspondence:

SUKHROB ALLAYAROV

Associate Professor, PhD, The department of Finance, Tashkent Institute of Finance, Tashkent, Uzbekistan

Email: sukhrob_allayarov@gmail.com

INTRODUCTION

In the world, the most important indicator in assessing the results of economic activity of any given state is the level of economic growth. Globally, "in 2021, the rate of economic growth was almost 4.7 percent compared to the previous year.¹" Since the fiscal base and the search for its untapped opportunities are of great importance in ensuring economic growth, financial, tax, investment, and innovation policies are aimed at performing precisely the fiscal function. Therefore, the need to develop organizational and methodological aspects of ways to implement an optimized fiscal policy in stimulating economic growth based on international experience further increases the relevance of this problem in the modern process of globalization.

¹ <https://news.un.org/ru/story/2021/03/1399092>



LITERATURE REVIEW

The theoretical and practical aspects of the implementation of an optimized fiscal policy in stimulating economic growth have been studied in detail in the scientific works of major foreign scientists-economists, such as D.J. Stewart, J.C. Mill, W. Senior, J. B. Say, T. Malthus , A. Marshall, A. Smith, D. Ricardo, S. Lawrence, R. K. Merton, G. M. Markowitz, E. L. Nyman, J. Robinson, J. Soros, L. P. Hansen, Yu Fama, W.F. Sharp, J. Schwager, K. Schweiser, R. Schiller, E. Heckscher, R. Harrod, E. Domar, R. Solow, B. Garrett, G. Gereffy, R. Kaplinsky, M. Lorenz, P. Maskell, S. Resenfeld, M. Simaguti,

M. Storper, E. Schmitz, M. Enright, E. Reinert, H. Richardson, J. Friedman, C. Freeman, P. Haggatt, T. Hagerstrand, M. Porter, J. Schumpeter². Among the scientists of the CIS countries, A.V. Bryzgalin, I.V. Gorsky, I.V. Karavaeva, T.E. Totikova, S. Merzlyakov politicians.

MAIN DISCUSSIONS

In modern conditions, when there is a tendency for the growth of social functions and budgetary obligations of the state, in the model of the Concept of ensuring an optimized fiscal policy in stimulating economic growth in the Republic of Uzbekistan, recommended by the candidate for a degree, the main attention is paid to ensuring the effective execution of the state budget by sources of formation of the revenue base and improving the possibilities of increasing them in establishing budget prospects.

The basis of this model in the context of the growth of social functions and budgetary obligations of the state is, first of all, the issue of correct forecasting and the formation of its financial foundations, as well as the factor of stimulating investment activity in the future. In ensuring the successful implementation of the tasks set in this model, such foundations are important as the implementation by the state of a perfect, stable tax, budget, interest rate policy, the creation and protection of legal, economic and property guarantees to stimulate investment activity.

² Schumpeter J. The theory of economic development / Per. from German: - M.: Progress, 1982 - 455 p.; Hayek F.A. Individualism and Economic Order / F.A. Hayek



Tax factors of state fiscal policy and their effective management as one of the effective means of the state to regulate economic processes are a set of measures based on improving the long-term system of economic, legal and organizational control system in the field of taxation.

The issues of improving the taxation system play an important role in the composition of effective measures of the optimized fiscal policy of the state in stimulating economic growth. In this regard, it became necessary to revise the current tax rates, on the one hand, having high fiscal significance, and on the other hand, in order to stimulate the economic growth of enterprises in the industry and the tax burden, these measures can now act as one of the most important fiscal instruments of the state. As effective measures of optimized fiscal policy of the state in stimulating economic growth, we have developed two proposals for improving taxation practices:

The proposal to improve the taxation of the mining industry is reflected in the Decree of the President of the Republic of Uzbekistan No. PP-4555 dated December 30, 2019. As a result of this, starting from 2020, the tax rates for the use of mineral resources for gold and silver have been reduced from 25% to 20%, and from 2021 to 15%, as well as taxation of the profits of these enterprises based on the level of profitability, which made it possible to leave additional funds for investment.

As evidenced by the results of the analysis, in recent years, both the absolute value of tax revenues for the use of subsoil and the change in the share in tax revenues have grown significantly.

Table 1.

Revenues from taxes for the use of subsoil

| Years | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenues from taxes for the use of subsoil | 2514,5 | 2517,7 | 3474,1 | 8424,7 | 14692,8 | 16417,1 |
| Change in share in tax revenues (in%) | 6,9 | 6,1 | 7,0 | 10,7 | 13,1 | 12,3 |



As can be seen from the data in Table 2, in Uzbekistan the absolute value of tax revenues for the use of subsurface resources in 2020 amounted to 16417.1 billion soums and compared to 2015 increased by 13902.6 (16417.1-2514.5) billion soums. or almost 6.53 times. In the change in the share of tax for the use of subsurface resources in 2015-2020 in the structure of tax revenues, if in 2015-2016 there was a downward trend (this indicator decreased from 6.9% to 6.1%), then in 2017-2019 there was an upward trend (this indicator changed 7.0% to 13.1%), and in 2020 there was a partial decline, that is, the share decreased by 0.8 percent.

The need to revise the system of resource taxes in the development of fiscal policy to stimulate economic growth in the Republic of Uzbekistan has been adopted for use by the Ministry of Finance of the Republic of Uzbekistan. By improving the system of resource taxes, on the one hand, it will ensure the attraction of additional revenues to the state budget, and on the other hand, producers will be stimulated for the efficient use of resources.

As the results of the analysis confirm, in recent years, the absolute value of revenues from resource taxes and the change in their share in tax revenues has increased significantly (Table 3).

Table 2.

Dynamics of revenue from resource taxes for 2015-2020 (in billion soums)³

| Years | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|--------|--------|--------|---------|---------|---------|
| Resource tax receipts | 4816,1 | 5306,2 | 6867,4 | 12663,4 | 19680,7 | 21256,9 |
| Share in the structure of tax revenues of the state budget (in%) | 13,2 | 12,9 | 13,8 | 16,0 | 17,5 | 16,0 |

As can be seen from the data in Table 3, in Uzbekistan, the absolute value of receipts from resource taxes in 2020 amounted to 21256.9 billion soums and, compared to 2015, increased by 16440.8 (21256.9 -4816.1) billion soums, or almost 4.4 times. For the period 2015-2020 in the change in the share of resource taxes in tax revenues in 2015-2016, there was a downward trend

³ Data of reports of the State Tax Committee of the Republic of Uzbekistan.

(this indicator decreased from 13.2% to 12.9%), and in 2017-2019 there was an upward trend (this indicator changed from 13, 8% to 17.5%), in 2020 there was a decrease again, their share was 16 percent.

As you know, the state fiscal base, which forms the basis for the fiscal devaluation policy pursued in our country since 2019, is mainly based on VAT revenues, which also required the adoption of prompt measures to reduce the negative impact of this circumstance on the tax burden, VAT administration, opportunities economic growth. In this regard, in the practice of administering VAT, the use of certain simplifications for taxpayers is a vital necessity. Therefore, we will pay attention to the analysis of the dynamics of VAT receipts in recent years for the republic as a whole (Figure 1).

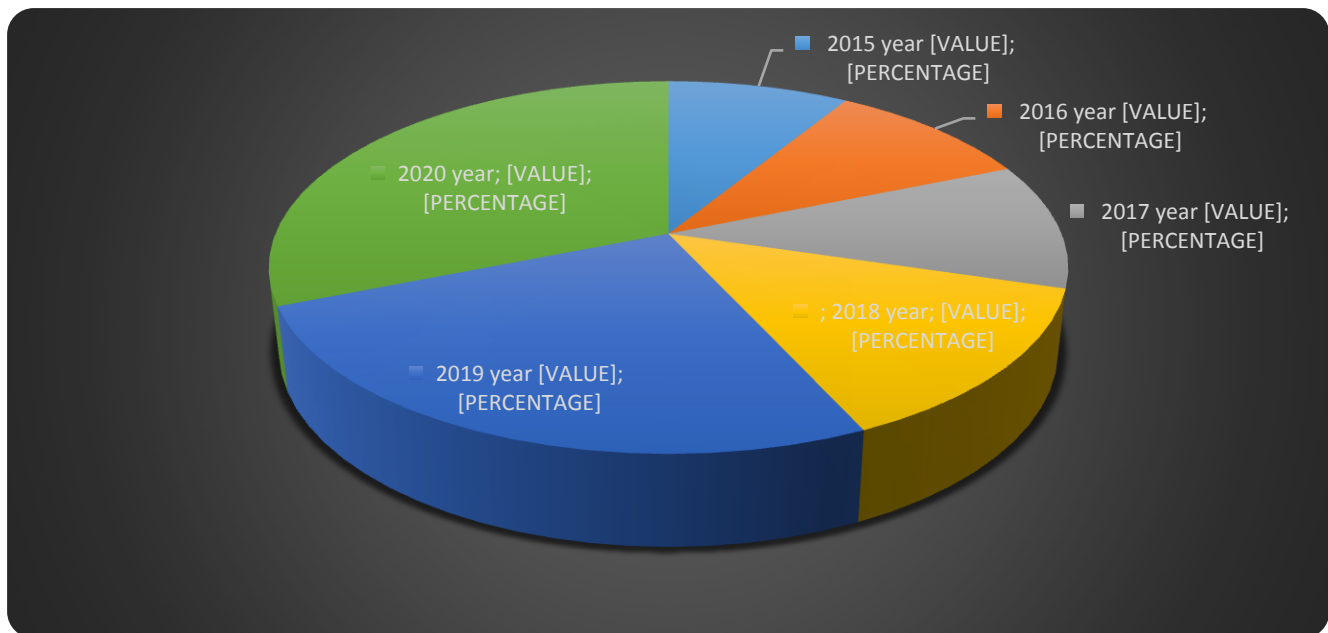


Figure 1. Dynamics of VAT receipts for 2015-2020 (in billion UZS)⁴.

According to the data in Figure 4, in Uzbekistan in 2020, the absolute value of VAT receipts amounted to 31,177.4 billion soums and compared to 2015 increased by 20,326.5 (31,177.4-10850.9) billion soums, or almost 2, 87 times.

In this dissertation research, in order to prevent a decrease in working capital, which is a source of economic growth of enterprises, our proposal for the introduction of a system for the return of value

⁴Data of reports of the State Tax Committee of the Republic of Uzbekistan.



added tax paid when purchasing real estate and fixed assets is reflected in the Decree of the President of the Republic of Uzbekistan No. PP-4555 dated December 30, 2019.

As a result of the introduction of this proposal into practice, by the end of 2020, it is expected to return funds to enterprises in the amount of about 900 billion soums.

From a theoretical point of view, the issues of increasing the efficiency of fiscal policy and improving the tax system are an indirect method of state regulation of the economy, which is aimed at achieving the goals of ensuring macroeconomic stability, high rates of economic growth by balancing the mutual financial interests of the state and taxpayers. That is why in recent years the issues of increasing the efficiency of the fiscal policy pursued in our country and improving the tax system are focused, first of all, on such reforms of strategic importance as reducing the tax burden, widespread use of effective tax administration tools and simplifying the tax system.

The main idea of the new tax concept, which has been introduced in our country since 2019, provides for a reduction in the tax burden, the use of a simplified and stable tax system, and in these conditions, in order to ensure an effective tax policy of the state, it is necessary to “further stimulate conscientious (disciplined) taxpayers”, “legalize income and a decrease in the share of the "shadow economy", mutual coordination and harmonization of proportions in tax relations in a new system of communication between tax authorities and taxpayers, based on "growth in cooperation".

In the Decree of the President of the Republic of Uzbekistan No. UP-5468 "On the concept of improving the tax policy of the Republic of Uzbekistan" dated June 29, 2018, in ensuring the stability of tax policy, the need to develop its strategy and tactics is established. To accomplish this task, the Resolution of the President of the Republic of Uzbekistan No. PD(Presidential Decree)-4389 "On additional measures to improve tax administration" dated July 10, 2019 was adopted and the "Strategy for improving tax administration" was approved⁵. Also, according to this decree, the main tasks and directions of the "Strategy for improving tax administration" have been established.

⁵ Resolution of the President of the Republic of Uzbekistan No.-4389 "On additional measures to improve tax administration" dated July 10, 2019



CONCLUSION

Based on the rich positive experience of the world fiscal practice, with the effective organization of ways to implement an optimized fiscal policy in stimulating economic growth in our country, it is appropriate to use the model of “fiscal devaluation policy based on tax optimization and risk minimization”. In this regard, the practice of fiscal devaluation of the tax revenue base, which began in 2019 in our country, based on value added tax instruments, can be explained by this very need.

The task of the present time is to develop new criteria and indicators, methodology for their use, which are of great importance in ensuring the mutually coordinated activities of budgetary and tax directions of fiscal policy.

At the same time, based on the analysis of the current methodology for determining the directions and factors of state fiscal policy in stimulating economic growth, it is necessary to develop an assessment method taking into account the factor and effective aspects of state fiscal policy in stimulating economic growth in order to determine the effective use of opportunities determined by such factors as financial, tax, budgetary, government and corporate governance and effective government performance.

In general, the above proposals and practical recommendations will make it possible to achieve the effect of an optimized fiscal policy in stimulating economic growth, as provided for in the Action Strategy for the Further Development of the Republic of Uzbekistan.

REFERENCES

1. Allayarov, S. A. (2020). Strengthening tax discipline in the tax security system: Features and current problems. *South Asian Journal of Marketing & Management Research*, 10(11), 124-128.
2. Allayarov, S., Allayarov, S., Yuldasheva, U., & Madjidov, N. (2020). Assessment of the effectiveness of the results of the fiscal policy of the republic of Uzbekistan. *International Journal of Advanced Science and Technology*, 29(7), 7920-7926.
3. Сатторов, Б. К., & Аллаяров, С. Р. (2017). Развитие экономики Узбекистана в условиях мировых интеграционных процессов. *Наука, техника и образование*, 1(5 (35)), 98-100.



4. Аллаяров, С. Р., & Кандахарова, Ш. Н. (2021). ПЕРСПЕКТИВЫ ЭФФЕКТИВНОГО ИСПОЛЬЗОВАНИЯ БЮДЖЕТНЫХ СРЕДСТВ В УПРАВЛЕНИИ ГОСУДАРСТВЕННЫМИ ФИНАНСАМИ. СТОЛИЦА НАУКИ, 3, 4.
5. Аллаяров, С. (2022). К ВОПРОСУ РЕАЛИЗАЦИИ ОПТИМИЗИРОВАННОЙ ФИСКАЛЬНОЙ ПОЛИТИКИ ПРИ СТИМУЛИРОВАНИИ ЭКОНОМИЧЕСКОГО РОСТА. Архив научных исследований, 2(1).
6. Anvarov, N. M. O. G. L., & Allayarov, S. R. (2022). Mahalliybyudjetlarniqo 'shimchamanbalardanfoydalanishningumumnazariyasoslari. Science and Education, 3(2), 1519-1527.
7. O'G'Li, D. G. A., & Allayarov, S. R. (2022). Respublikamahalliybyudjetlarmoliyaviybarqarorliginita' minlashningustuvoryo 'nalishlari. Science and Education, 3(2), 1565-1573.
8. Allayarov, S. (2018). Theoretical Study of Optimal Fiscal and Monetary Policies for Stimulating Economic Growth. Research Journal of Finance and Accounting, 9(8), 206-212.
9. Аллаяров, С. Р., Мардонов, Ш. Х., & Абдурахимова, Г. М. (2020). РЕТРОСПЕКТИВНЫЙ И ЦЕЛЕОРИЕНТИРОВАННЫЙ ПОДХОДЫ К ОЦЕНКЕ ЭФФЕКТИВНОСТИ ФИСКАЛЬНОЙ ПОЛИТИКИ. Экономика и социум, (4), 138-147.
10. Аллаяров, С. Р., & Зайнитдинов, С. М. Ў. (2021). Иқтисодий ўсишга таъсир кўрсатувчи омиллар ва уларнинг таснифи. Science and Education, 2(11), 1156-1169.