

## WAYS TO INCREASE THE REVENUES OF LOCAL BUDGETS WHILE ENSURING THE ECONOMIC DEVELOPMENT OF REGIONS

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**Abstract.** *The article describes the procedure for the formation of local budget revenues and the scientific basis for strengthening local budget revenues in order to ensure the economic development of regions. Ways to strengthen the income of local budgets by increasing the tax-budget powers of local authorities as well as local councils. Based on the conducted research, scientific proposals and conclusions were formed.*

**Keywords:** *local budget, revenues of local budgets, strengthening of revenues of local budgets, local authorities, local taxes and fees, regions, economy of regions.*

In the development of the world economy, attention is being paid to scientific research aimed at ensuring comprehensive and balanced development of regions, rational use of natural raw materials, production and labor potential of regions, and consistently increasing the standard of living and well-being of the population.

Large-scale studies are being carried out to ensure the stability of local budgets' incomes and to create an effective mechanism for regulating local budgets' incomes. In these studies, the issues of effective regional tax policy formation at the current stage of economic development are gaining relevance.

In Uzbekistan, the priority in the regulation of local budget revenues is to continue the process of decentralization of state administration and gradually transfer the powers of republican bodies under state management to local state authorities, as well as the powers of regional bodies to district and municipal authorities.

The task of "increasing the responsibility of the tax, finance, and economic sphere bodies for the formation of budget funds by regional administration bodies, creation of additional reserves, creating an opportunity for governors to exercise appropriate control over the actual activities of regional development, and execution of the local budget"[1] In order to ensure the implementation of this task, a revision of the main approaches to the field of regulation of local budgets' incomes requires a deep study of the regulation of local budgets' incomes.

Comprehensive development of regions based on fundamental strengthening and decentralization of the revenue base of local budgets in our country, strengthening of financial freedom of local government bodies, supporting the wide development of small and medium-sized businesses and entrepreneurship in the regions, creating new jobs and ensuring population employment, and expanding tax potential due to the rapid development of social infrastructure are of actual importance.

The low possibility of effectively ensuring the expenses of the local budgets at the expense of the revenues of the local budgets, in particular the fact that the local budgets of many regions cannot fully finance their expenses at the expense of their revenues and the need for various

financial funds from the higher budget, increasing the incomes of the local budgets of these regions and ensuring their economic development on this basis, is gaining urgent importance.

“At the level of local budgets, the priority tasks of the tax-budget policy are to fundamentally strengthen the revenue base of local budgets by attaching specific types of taxes and other mandatory payments to them, removing regional, city, and district budgets from subsidies, gradually reducing their dependence on high-level budget allocations, increasing the freedom and responsibility of local state authorities in solving the issues of socio-economic development in the regions, and determining additional reserves on a systematic basis to increase the income of local budgets”[2].

In our view, the practice of generating revenues for local budgets in the current conditions is not enough to ensure their complete financial independence, nor is the activity of local state authorities in increasing revenues for the local budget.

In the conditions of digitization of the country's economy, the need to study the existing problems in the development of regions is evident.

Incomplete use of production opportunities, increasing unemployment, low export potential of regions, and other similar problems related to the development of the economies of regions of the country require a scientifically based approach.

Economically underdeveloped regions, the fact that investments are being directed to developed regions of our country, and different conditions and opportunities require a reasonable economic policy.

As the President of the Republic of Uzbekistan, Sh. Mirziyoyev, noted, “First of all, we need to deepen our work on the reform and liberalization of the economy and accelerate the initial work on structural changes in its sectors and industries.

The issues of modernization of networks and regions, increasing their level of competitiveness, and the development of export potential should be at the center of our constant attention”[3].

Therefore, the issues of ensuring the sustainable development of the country's regions and regulating their income will always remain important.

As the experience of developed countries testifies, taxes are undoubtedly one of the most effective means of solving these problems.

The basis for ensuring the effectiveness of the tax policy conducted in the country is the implementation of the tax policy at the regional level.

Today, the deepening of reforms in our republic requires local authorities to increase their role in the economic development of regions, to further expand their powers in the tax-budget field, and to strengthen their financial stability.

In the current conditions, the study of the problems of increasing the efficiency of the tax system and increasing the importance of taxes in ensuring the stability of local budgets' incomes, as well as the research of existing problems, are of urgent importance.

However, the most controversial issue of the tax-budget practice is the provision of local budgets of the regions with the necessary funds, which requires the need to determine the tax potential of the regions and coordinate the tasks of the regional development programs of the state.

In world practice, taxes are a means of regulating the economy while also forming budget revenues. Issues of regulation of the economy by means of taxes are important in the management of the market by the state.

*Table 1*

*In the revenues of the state budget of the Republic of Uzbekistan, the role of local budgets[4]*

Incomes	Years						
	2016	2017	2018	2019	2020	2021	2022
State budget (billion soums)	41043,4	49684,8	79 099,0	112 165,4	132 938,1	164 680,3	202 042,9
Including:							
Republic budget (billion soums)	24740,8	31148,3	56154,8	77031,2	105 235,2	129506,9	159010,4
Weight in relation to the state budget (in percent)	60,3	62,7	70,1	68,7	79,2	78,6	78,7
Local budgets (billion soums)	16302,6	18536,5	22944,2	35134,2	27702,9	35173,4	43032,5
Weight in relation to the state budget (in percent)	39,7	37,3	29,9	31,3	20,8	21,4	21,3

It can be seen from the data in the given table that the importance of Republican budgets in the structure of state budget revenues is increasing. In particular, the share of the republic's budget in the analyzed years was 60.3; 62.7; 70.1; 68.7; 79.2; 78.6; and 78.7% had an increasing trend in the analyzed years, while the share of local budgets was 39.7%; 37.3; 29.9; 31.3; 20.8; 21.4; Their share has decreased in recent years, making up 21.3 percent. In the analyzed years, the revenues of the Republican budget increased by 6.4 times, and the revenues of local budgets increased by 2.6 times.

In recent years, in proportion to the expansion of the activities of the local authorities, it has become necessary to ensure that the revenues of their budgets are also increased. In our opinion, when studying the impact of the tax system on a country's economic development, it is necessary to study the importance of taxes at the level of the regions that are considered to be its components.

The data in the table show that in the analyzed years, tax revenues have a tendency to increase, and there are cases of differences in the regions of the country.

In particular, in the years under review, the main tax revenues are the revenues under the control of the State Tax Administration, and its share was 62.5 percent in 2016, and its share reached 78.8 percent in 2021 and has a growing trend. The main reason for this is the taxes paid by the large taxpayers in our country, that is, the revenues under the control of the State Tax Administration. In the analyzed years, on average, 67.5% of the main tax revenues were formed due to the revenues under the control of the State Tax Administration, while the remaining 32.5% came from regions, the Republic of Karakalpakstan, and the city of Tashkent.

In the analyzed years, the percentage of tax revenues in Syrdarya, Jizzakh, Navoi, Namangan, Surkhandarya, and Khorezm regions was less than 2.0%, and a decrease was observed in all of them. Also, we can see that the share of tax revenues in Tashkent city, Kashkadarya, Fergana, and Tashkent regions was more than 4.0 percent in 2016, but their share has decreased significantly in recent years.

*Table 2*

*Regions of the country where tax revenue is distributed[5]*

T/p	Regions	2016 year		2017 year		2018 year		2019 year		2020 year		2021 year	
		Bn, soum	percent	Bn, soum	percent	Bn, soum	percent	Bn, soum	percent	Bn, soum	percent	Bn, soum	percent
1.	Republic of Karakalpakstan	854,2	2,3	1180,3	2,6	2118,9	3,0	1547,3	1,9	1824,1	1,8	1665,9	1,2
2.	Andijan region	911,3	2,4	1083,2	2,4	1525,6	2,2	1819,5	2,2	2128,0	2,1	2090,5	1,5
3.	Bukhara region	1064,3	2,8	1179,9	2,6	1230,9	1,7	1616,1	1,9	1970,1	1,9	2069,3	1,5
4.	Jizzakh region	416,3	1,1	633,6	1,4	858,9	1,2	920,2	1,1	1093,0	1,1	1297,3	0,9
5.	Kashkadarya region	1627,9	4,3	1610,9	3,5	2165,9	3,1	1911,3	2,3	2277,2	2,2	2404,6	1,7
6.	Navoi region	705,6	1,9	658,7	1,4	1133,6	1,6	891,8	1,1	1041,0	1,0	1758,7	1,3
7.	Namangan region	718,8	1,9	864,9	1,9	1174,5	1,7	1558,9	1,9	1818,0	1,8	1977,6	1,4
8.	Samarkand region	1098,4	2,9	1319,8	2,9	1734,2	2,4	2026,1	2,4	2410,2	2,3	2694,5	1,9
9.	Surkhandarya region	712,7	1,9	885,2	1,9	1236,6	1,7	1367,8	1,6	1621,2	1,6	1743,0	1,3
10.	Syrdarya region	409,1	1,1	507,9	1,1	648,2	0,9	674,6	0,8	766,1	0,7	768,4	0,6
11.	Tashkent region	1595,5	4,2	1563,0	3,4	1711,8	2,4	2802,3	3,4	3288,2	3,2	3121,4	2,2
12.	Fergana region	1600,8	4,2	1878,2	4,1	1594,9	2,2	2114,7	2,5	2532	2,4	3005,2	2,2
13.	Khorezm region	624,5	1,7	754,7	1,6	975,9	1,4	1221,6	1,5	1457,1	1,4	1513,4	1,1
14.	Tashkent city	1839,4	4,9	2131,7	4,7	2554,6	3,6	10020,3	12,0	11668	11,3	3308,2	2,4
15.	Receipts under the control of STA	23642,9	62,5	29494,9	64,5	50281,2	70,9	52864,9	63,4	67672,7	65,3	109343,1	78,8
<b>Total</b>		<b>37821,7</b>	<b>100,0</b>	<b>45746,9</b>	<b>100,0</b>	<b>70945,7</b>	<b>100,0</b>	<b>83 357,4</b>	<b>100,0</b>	<b>103566,7</b>	<b>100,0</b>	<b>138761,1</b>	<b>100,0</b>

We can conclude that although the total amount of tax revenues in each region of our country has a tendency to increase, their percentage share has decreased due to the effect of the tax revenues of large taxpayers in the regions. Because the taxes paid by these organizations are reflected in the receipts under the control of the STA.

In the current conditions, the most controversial issue of the tax-budget practice is the provision of local budgets with the necessary funds, which requires the need to determine the capabilities of local budgets and coordinate the tasks of the regional development programs of the state.

The current practice of managing the economies of regions confirms the importance of local tax policy and increasing local tax capacity. The economic importance of the tax potential is

evident in the need to increase the financial potential of the regions and the effectiveness of the tax policy in them.

Another way to strengthen the revenue base of local budgets is to improve the criteria for the distribution of revenue sources between the republican and local budgets, and the distribution of revenue sources between budgets should be carried out on the basis of the following criteria: the tax base should be fully attached to the revenues of the republic's budget; taxes are unevenly distributed in different regions. Resource taxes and centralized taxes value-added tax and excise tax, which respond to economic stability;

at present, the main requirements for the development of entrepreneurship and support of small business enterprises are assigned to the local government bodies. This situation determines the need to fully attach the profit tax paid by these enterprises to local budgets;

Income tax collected from individuals should be distributed equally between the national and local budgets. Because this tax is collected based on the principle of permanent residence, the interest of local financial authorities in collecting it increases. On the other hand, these taxes occupy a significant part of the revenues of the Republican budget (in the course of research, it was revealed that in the last 6 years, on average, 64.3% of the revenues from this tax are directed to local budgets);

Based on the analysis, it is possible to draw the following conclusions and suggestions regarding the strengthening of local budget revenues and the increase of tax revenues to local budgets in order to ensure the economic development of the regions.

1. It is necessary to review and improve the composition of taxes and fees attached to local budgets. In this case, it is necessary to increase the composition of taxes and levies, which are the revenues of the local budgets.

2. The important directions for strengthening the stability of local budgets in the regions are the rapid development of road transport and social infrastructure, the effective use of tourism potential, the support of small and medium-sized businesses, and the increase in tax potential due to the active attraction of investments.

3. In order to increase the role of local budgets in the investment activities of regions, it is desirable to ensure the stability of regional budget revenues based on the existing capabilities and specialization of regions of the country, that is, on the basis of tourism, industry, processing of agricultural products, and wide use of the potential of natural raw materials.

4. In order to increase the revenues of local budgets and strengthen their financial stability, it is necessary to improve the system of giving powers to local councils for the distribution and direction of revenues. Councils should make it possible to increase the income of local budgets by applying coefficients to the tax rates calculated on the income of local budgets at the appropriate level and by distributing other types of income.

5. Also, it is desirable to increase the share of fixed incomes in the structure of local budgets, to abandon the procedure of changing the regulations on tax types every year, and to create a wider opportunity for the implementation of factors affecting the stability of local budgets' incomes.

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