


WAYS TO INCREASE LOCAL BUDGET REVENUES

DSc, professor Khurshid Khudoykulov

International School of Finance Technology and Science

Article Info	ABSTRACT
<p>Article history: Received Jul 22, 2024 Revised Jul 21, 2024 Accepted Aug 11, 2024</p> <p>Keywords: Local budget, tax revenues, non-tax revenues, regulatory revenues, designated revenues</p>	<p>This article outlines theoretical and scientific views on increasing the efficiency of local budget revenues. Also, based on data from recent years, local budget revenues were analyzed by region. In particular, a study was conducted to analyze tax revenues of the local budget. In particular, scientifically and practically substantiated proposals and recommendations have been developed to improve the efficiency of local budget revenues.</p> <p>This is an open-access article under the CC-BY 4.0 license.</p> 

Corresponding Author:

DSc, professor Khurshid Khudoykulov

International School of Finance Technology and Science

DOI : <https://doi.org/10.61796/ijeirc.v1i8.199>

INTRODUCTION

In the world, measures are being implemented to further increase the level of tax collection, to ensure a stable income from tax revenues of local budgets. In the member states of the Organization for Economic Co-operation and Development (OECD), "the share of tax revenues of local budgets in GDP is 15.2 percent in Sweden, 12.0 percent in Denmark, 7.4 percent in Japan, 2.1 percent in Belgium, 1 percent in the Czech Republic, 7 percent, -1.3 percent in Austria, -1.0 percent in Greece" [1]. Increasing the income of local budgets and ensuring their stability and achieving financial independence of local budgets require improvement of tax revenues. 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 researches, the issues of effective regional tax policy formation at the current stage of economic development are gaining relevance.

Literature review.

Increasing the efficiency of local budget revenues can be found in the scientific works of foreign scientists A. Smith, D. Ricardo, U. Petty, D. Wildasin, U. Ots, R. Musgrave, F. Hayek.

Conceptual basis of regulation of revenues of local budgets by CIS scientists A. Babich, L. Goncharenko, V. Panskov, V. Pushkareva, I. Mayburov, N. Milyakov, V. Rodionova, M. Romanovskiy, T. Tkacheva, D. Chernik, T. Yutkina in scientific research.

Some aspects of the study of increasing the effectiveness of local budget revenues are based on the opinion of local economists, in particular A. Islamkulov, "local budget revenues are considered as the result of the distribution of the value of the gross domestic product among the participants of the production process, on the one hand, and on the other hand, they are the value that serves to form a locally important monetary fund" [2].

According to A. Khairiddinov, "the stability of local budgets' income bases is called the ability to provide continuous financing of budgetary measures within the framework of a separate local administrative area, which consists of fixed and regulatory revenues of a certain proportion" [3]. The author analyzed the factors affecting the stability of local budgets, dividing them into direct and indirect groups.

According to Sh. Musalimov, "the income potential of local budgets in a broad sense is the sum of the maximum available resources of the local budgets of the region" [4].

According to T. Tkacheva, one of the foreign scientists, "on the basis of the comprehensive improvement of the budget at the regional level, it will be necessary to form a regional budget map of the financial resources involved for the socio-economic development of the region, to use new means of assessing the effectiveness of spending budget funds on the socio-economic development of the region" [5].

According to G. Morunova, "the main distinguishing feature of modern municipal funds is mainly related to the fact that they are represented by local budgets, and the term "municipal finance" should be understood as a set of monetary relations for the formation and spending of funds at the disposal of local authorities" [6].

According to Sokhranennyye D. Nekhaychuk, Yu. Nekhaychuk, "local budget revenues as an important component of the financial basis of the activities of local self-governing bodies are redistribution of funds within a certain administrative-territorial unit in favor of certain groups of the population, economic sectors, as a means of regulating their development, social- is the main determining criterion of stability of economic processes and balanced development of society" [7].

The main focus of the above economists is on issues such as formation and stability of local budget revenues, strengthening of their revenue bases, expansion of local budget revenue sources and, on this basis, ensuring the financial independence of local government bodies.

Regulating local budget revenues and ensuring their stability depends on economic and legal factors, and one group of economists considers these factors as factors of increasing the authority and responsibility of local authorities, and one group of

scientists considers ways to achieve financial stability by increasing the revenues of local budgets, and another group of economists recognize that it can be ensured by achieving a balance between income and expenditure.

According to H. Qabulov, "timely fulfillment of the requirements of the reforms implemented to ensure the financial stability of the regions is the main condition for the effective activity of local authorities." According to the author, "the existence of a number of problems in the formation of local budgets requires the development of recommendations for increasing the financial stability of local budgets, in particular, for strengthening their income base"[8].

According to U. Orokov, it is necessary to "increase the interest of local state authorities in the expansion of the revenue base of local budgets, formation of additional sources of income and determination of reserves"[9].

According to some economists, "the decentralization of the budgets of the budget system is related to the implementation of a number of measures aimed at ensuring the balance between different levels of management bodies regarding the powers of budget revenues and the obligations of budget expenditures"[10].

According to S. Chepek and O. Chepek, "the main aspect of filling the local budget to the maximum and effective use of existing financial resources is to increase the revenue part of the local budget and ensure the financial independence of the local government" [11]. The authors emphasize the importance of strengthening the results-oriented principles of medium-term planning and budgeting, accepting the demand for further decentralization of the budget system and ensuring true budget independence, as well as effective control over budgets at all levels and their transparency, in order to develop local budgets and improve their rational use..

METHODS

Analysis and approach, logical and structural analysis, grouping and generalization, induction and deduction, expert assessment and forecasting, mutual and comparative comparison methods were used in the research work.

RESULT AND DISCUSSION

If we analyze the process of formation of incomes of local budgets and the dynamics of changes in recent years in the cross-section of regions of the country, we can see that these incomes have changed regularly in the analyzed years (Table 1).

Table 1
Dynamics of changes in local budget revenues , in billion soums

	Name of regions	2015	2016	2017	2018	2019	2020	2021
1.	Qoraqalpog'iston Respublikasi	716,7	949,5	1292,2	2241,1	2953,3	2743,9	1869,2
2.	Andijon viloyati	928,3	1051,1	1264,8	1709,0	2624,6	2105,9	2418,5
3.	Buxoro viloyati	1098,6	1194,8	1335,6	1383,0	2409,5	1782,9	2374,1
4.	Jizzax viloyati	396,2	478,6	715,4	948,3	1240,9	1058,0	1460,4
5.	Qashqadaryo viloyati	1587,7	1765,0	1786,6	2341,1	3783,9	2468,8	2722,1
6.	Navoiy viloyati	655,6	776,3	745,3	1217,1	1877,8	1540,9	1948,9
7.	Namangan viloyati	753,7	843,0	1032,1	1360,0	2237,8	1763,0	2297,0
8.	Samarqand viloyati	1082,4	1304,6	1557,3	1970,8	2567,2	2385,6	3154,7
9.	Surxondaryo viloyati	720,0	823,3	1030,3	1378,3	1844,9	1605,7	1993,2
10.	Sirdaryo viloyati	377,2	460,9	568,5	710,2	816,7	716,5	881,6
11.	Toshkent viloyati	1632,3	1817,7	1775,0	1949,3	3721,5	2395,5	3734,1
12.	Farg'ona viloyati	1681,1	1780,1	2110,9	1833,2	3836,1	2677,3	3665,1
13.	Xorazm viloyati	683,9	731,5	881,4	1106,3	1467,3	1302,7	1743,1
14.	Toshkent shahri	2151,0	2326,2	2440,9	2796,4	3752,8	3156,3	4911,4
	Jami	14464,7	16302,6	18536,3	22944,3	35134,2	27702,9	35173,4

From the data of Table 1, we can see that in the analyzed years, the incomes of the local budgets of the regions had a tendency to increase.

In 2015, the implementation of local budget revenues amounted to 14,464.7 billion soums, in 2016 to 16,302.6 billion soums, and in 2017 to 18,536.3 billion soums. By 2018, the actual income of local budgets amounted to 22,944.3 billion soums, and the plan indicators were fulfilled by 124.3%. As a result of the changes made to the forecast indicators approved for 2018 during the year, i.e. in the I-IV quarters, the annual forecast revenues were reduced by 308.3 billion soums in 3 regions, and increased by the same amount in 4 regions, that is, they were redistributed by regions. In particular, the annual forecast indicators of income were reduced to 170.3 billion soums in Bukhara region, 95.0 billion soums in Tashkent city and 43.0 billion soums in the Republic of Karakalpakstan. Also, 68.0 billion soums in Tashkent region, 37.1 billion soums in Surkhandarya region, 24.4 billion soums in Namangan region, 17.0 billion soums in Jizzakh region, and 161.8 billion soums on receipts under the control of the State Tax Committee increased.

By 2019, the implementation of local budget revenues amounted to 35,134.2 billion soums, and the plan indicators were fulfilled by 117.7%.

Paragraph 34, subparagraph d of the Decision of the President of the Republic of Uzbekistan No. PQ-4086 dated December 26, 2018, redistribution of the missing amount of expenses to the Councils of People's Deputies of the Republic of Karakalpakstan, the regions and the Councils of People's Deputies of the Republic of Karakalpakstan, and the

surplus income formed in the planning of the budgets of individual districts and cities between the budget levels authorized.

In 2019, in accordance with the decisions of regional Councils of People's Deputies and local authorities, 60.0 billion soums were allocated in Navoi region, 26.0 billion soums in Samarkand region, 42.8 billion soums in Surkhandarya region, 60.0 billion soums in Tashkent region, Tashkent city Revenues and expenses of local budgets were increased by equal amounts to 73.9 billion soums. In 2020, the revenues of local budgets actually amounted to 27,702.9 billion soums, and in 2021, they amounted to 35,173.4 billion soums.

Discussion. The formation of the income of local budgets at the expense of taxes distributed between the budgets of the budget system is expressed by the lack of the possibility of financing their expenses at the expense of taxes and other incomes, which are the combined incomes of local budgets.

In our opinion, without denying the problems in the existing tax system, the high level of influence of the state on the economy through administrative means limits the possibilities of economic development. Especially in the conditions of sharp differences in the level of development of the regions of the country, if taxes do not become the main means of regulation, this may lead to an increasing number of problems in this regard.

The republic has enough experience and conditions to form a full market mechanism. Based on this, it is advisable to continue the reforms aimed at further reducing the state intervention in the economy and to implement the state intervention in the economy primarily on the basis of the tax mechanism.

It is known that the financial stability of economic entities ensures continuity of state budget revenues. For this reason, it is appropriate to form such a rational mechanism between the activities of economic entities and the state, which should reflect the interests of the state budget and the interests of economic entities. First of all, this can be achieved only by keeping the tax burden and other means of influencing the activities of economic entities at the standard level. In the conditions of the market economy, the need for a certain level of state intervention in the economy does not always allow these standards to be followed.

There are sectors of the economy in which investing in these sectors does not bring enough benefits to the owners of the investment. In such cases, there is a need for the state to intervene in the economy and regulate it through the influence of the state budget - finance, more precisely, through taxes, that is, by reducing the level of taxation or financing these sectors, giving subsidies or investing, etc. In this case, the state tries to influence demand or supply, foreign trade turnover, inflation, consumption, and investment in the necessary direction through means of management.

Regulatory taxes should be fixed for 5 years on the basis of uniform, stable standards, which will have a positive effect on eliminating oversight and increasing the interest of local government authorities in tax collection and expanding the tax base.

Based on the experience of developed countries, giving local budgets the right to borrow in domestic and foreign markets and expanding their activities in the financial markets, in our opinion, is a convenient and effective way to expand the resource base of local budgets.

Differences in the natural, economic, and social conditions of the regions of our country limit the possibilities of local budgets.

CONCLUSION

Revenues from taxes assigned to local budgets do not have a significant impact on the revenues of local budgets. In our opinion, this is related not only to the lack of full use of the possibilities of introducing taxes attached to local budgets, but also to the practice used in regulating the income of local budgets. In order to increase the revenues of local budgets and strengthen their financial stability, local councils should be empowered to allocate and direct revenues. By distributing taxes and other types of income and inter-budgetary transfers allocated to local budgets at the appropriate level, local councils will create an opportunity to ensure the financial independence of local budgets. The share of legal entities in the income from property and land taxes, which are considered as the accumulated income of local budgets, is high, which in turn means that most of the income from these taxes collected in districts and cities is directed to the higher budget, which affects the stability of the income of local budgets of districts and cities. is doing. Therefore, it will be possible to ensure the stability of the income of local budgets based on the transfer of revenues from property taxes and land taxes to the local budgets of districts and cities.

REFERENCES

- [1]. D. K. Srivastava and K. R. Shanmugam, Goods and Services Tax: Revenue Implications and RNR for Tamil Nadu, Madras School of Economics, 2018.
- [2]. A. Kh. Islamkulov, "Issues of Ensuring the Stability of Local Budget Revenues," Economy and Innovative Technologies, no. 4, 2016.
- [3]. A. Khayriddinov, Ways to Ensure the Stability of Local Budgets' Income Bases, Dissertation submitted for the degree of Candidate of Economics, Tashkent, 2011, p. 21.
- [4]. SH. I. Musalimov, "Income Potential of Local Budgets: Peculiarities and Problems of Formation in Contemporary Conditions," Economy and Innovative Technologies, no. 2, pp. 16–24, Mar.–Apr. 2020.
- [5]. T. YU. Tkacheva, Budget-Tax Mechanism for Sustainable Development of Regions: Theory and Methodology, Dissertation Abstract for the Doctorate in Economics, Moscow, 2019, p. 55.
- [6]. G. V. Morunova, Municipal Finance and Transformational Economy, Dissertation Abstract for the Doctorate in Economics, St. Petersburg, 2020, p. 32.

- [7]. D. V. Nekhaichuk and YU. S. Nekhaichuk, "Strengthening Budgetary Potential to Ensure Financial Independence of Local Self-Management Bodies," *Science Journal of VolSU: Global Economic System*, vol. 20, no. 1, pp. 99–109, 2018.
- [8]. H. Qabulov, "Ensuring Financial Stability of Local Budgets by Improving the Financial Potential of the Region," *Sovremennaya Nauka: Aktualnye Voprosy, Dostizheniya i Innovatsii*, Penza, May 2020, p. 47.
- [9]. U. YU. Orov, *Ways to Improve the Independence of Local Budgets*, Doctor of Philosophy Dissertation in Economic Sciences, Tashkent, 2020, p. 57.
- [10]. M. T. Khaidarov, "Issues of Increasing the Independence of Local Budgets," *Economy and Finance*, no. 6, pp. 21–30, 2017.
- [11]. S. G. Chepik and O. V. Chepik, "Problems and Prospects of Formation and Rational Use of the Local Budget in Rural Areas," *Finance: Theory and Practice*, vol. 23, no. 2, pp. 58–73, 2019.
- [12]. A. Jo'raev, *Effective Ways of Forming State Budget Revenues*, Tashkent: Fan, 2004, p. 84.