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Directions For The Effective Use Of The Economic Potential Of The Region In Increasing The Revenues Of Local Budgets

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Abstract – The scientific article contains two analytical references conducted within the framework of a scientific grant on the development of a decentralization mechanism that will ensure sustainable growth of local budget revenues and social development of the regions. Develop a budget policy based on the findings and recommendations in these analytical guidelines can be used in output and implementation.

Keywords – Governance, Tools, Internal Capabilities, Management, Budget Systems, Socio-Economic Development, Market Economy, Tax.

I. Introduction

Modernization and citizenship of our country today building a democratic state based on the rule of law in the process of building a society. Once established, civil society will gradually transfer a number of these responsibilities from the state to the local budget, public structures, and citizens' self-government bodies. This, in turn, is the local budgets local taxes, which are the main source of financial resources, and means that the fees will increase in importance.

As the head of our state Sh. M. Mirziyoyev noted, “In 2020 tax in order to form a balanced and stable state budget further improvement and liberalization of administration, local strengthening the revenue side of the budget, the entire tax system appropriate measures are being taken to simplify and ensure its transparency.

As a result, the tax burden will not increase, which will be 20.0% of GDP. At the same time, “Consistency carried out, first of all, to reduce the tax burden. A prudent tax policy aimed at structural changes in the economy, increasing the business capacity and financial stability of business entities.

In the context of modernization of the economy, the socio-economic development of society is directly dependent on the state's management of the market economy. In this process, it is important that the success of public administration is based on the chosen methods of governance, tools, internal capabilities of the economy and its specific features.

This, in turn, requires the formation of new financial relations in the economy and the improvement of economic, administrative, organizational and social psychological methods of state management of the economy. The basis of economic methods is fiscal policy.

It should be noted that taxes are the most important financial instrument of economic regulation, their role in the formation of state budget revenues, structural structure, the ratio of direct and indirect taxation, the principles of taxation, the structure and extent of tax benefits and their physical and differences in the level of tax burden on legal entities are characterized by differences in the economic structure of the state, the level of economic and political development, the state of production and property relations.

II. Main part

As a legal category, the budget is focused on the formation, distribution, use of centralized funds within the relevant territory, and the relevant state or local government. The basic financial plan approved by the Office consists of legal norms.

The basis for the distribution of public funds between the budget units is the independence of local budgets, their financial support by the state, the formation of their revenues from regional sources.

Based on these principles, local budget revenues are formed from their own revenues and revenues from managed sources. Own revenues, or attached revenues, consist of funds that go directly to the local budget in full or in a fixed share. Local taxes and levies form the basis of their income.

Local taxes and non-tax revenues are not enough to cover local budget expenditures, and the bulk of local budget revenues are provided by managed revenues. These tax rates will be stratified by tax and region and will be reviewed annually by government.

The draft law submitted to the parliament is based on the fact that the main directions and indicators of macroeconomic policy for 2021 are likely to continue the coronavirus pandemic next year. The main focus is on maintaining macroeconomic stability, ie GDP growth will be 5.1% in recent years, while maintaining its positive dynamics. In particular, industrial production is expected to increase by 5.8%, construction by 6.5%, agriculture by 2.7% and services by 6.4%.

In 2021, the country's GDP is expected to reach 688.9 trillion soums, and state budget revenues - 147 trillion soums or 21.3 percent of GDP. The state budget expenditures will amount to 165.7 trillion soums.

This is 24.0% more than in 2020, when more than half of the state budget expenditures will be directed to the social sphere. In Uzbekistan, we can see that these standards are growing from year to year. We explain this by the need to cover local budget expenditures from taxes in the region and reduce transfers from higher budgets to lower budgets.

In order to further increase the transparency of the budget process, it is proposed to impose fines on senior officials of relevant ministries and agencies if the information on the implementation of the State Budget is not published by ministries and agencies on their official websites.

In 2021, the budget will cover almost 2.2 trillion soums for the implementation of state programs in the field of education, including for the first time the cost of housing for orphans and children deprived of parental care. It is planned to allocate 1 billion soums. Another important point is that given the expansion of the network of non-governmental preschools, it is planned to allocate 600 billion soums from the state budget to non-governmental preschools, which is twice as much as this year[1].

Revenues Non-tax revenues of this budget Areas attached to this budget Deductions from national taxes funds in the regional national support funds, Subsidies, subventions from the upper budget the funds received from the upper budget in the form of mutual settlements are possible[4].

Expected plan of state and local tax revenues, local budget expenditures in determining the normstaken into account the expected minimum. In some provinces, these standards are set at 100%, while in regions where such taxes are high, they are kept to a minimum.

Because the high tax base leads to low standards, it is necessary to increase the incentives of the local government to strengthen the revenues of local budgets and to expand the tax base, ie to increase the share of excess taxes in local budgets. It gives good results.

[1] https://review.uz/uz/post/2021-yilda-davlat-byudjeti-daromadlari-147-trillion-som-bolishi-kutilmoqda

Strengthening local budget revenues is a key focus of current budget reforms. Property in this regard, taxation of land and natural resources plays a key role. Next is an effective source of long-term personal income taxes period to local budgets. In the Republic of Uzbekistan, taxes are paid to the state budget, local taxes and local taxes and mandatory payments separated[1].

Grouping taxes in this order is a state power central and local division of bodies and the state with the division of the budget into national and local budgets determined. National taxes are mainly taxes that come to the budget of the republic, and they mainly serve as a financial resource for the performance of tasks at the national level.

In 2020 and the next two years, the inflation rate is expected to fall from 15.5 percent in 2019 to 9.5 percent in 2022. The volume of foreign trade turnover in 2020 will reach 46.9 billion. It is projected to have a negative balance of $ 5.8 billion[5].

The main factor in the growth of the foreign trade deficit is the increase in imports of technological equipment and machinery. To ensure economic growth, it is necessary to increase capital investment and foreign direct investment.

In 2020, it is expected to attract $ 4 billion in foreign direct investment in major projects in industry, agriculture and infrastructure development. The increase in direct tax revenues in 2020 is also due to changes in rates and other tax elements. In this:

Increase the base income tax rate to 15%;

Legalize the number of employees by maintaining the personal income tax rate of 12% and equalizing the single social payment rate for all businesses (12%);

Transfer of individual entrepreneurs to the payment of personal income tax instead of the fixed tax;

It is planned to transfer the proceeds from the single tax payment to the full local budgets (distributed in 2019 between the Federation of Trade Unions and the State Targeted Funds).

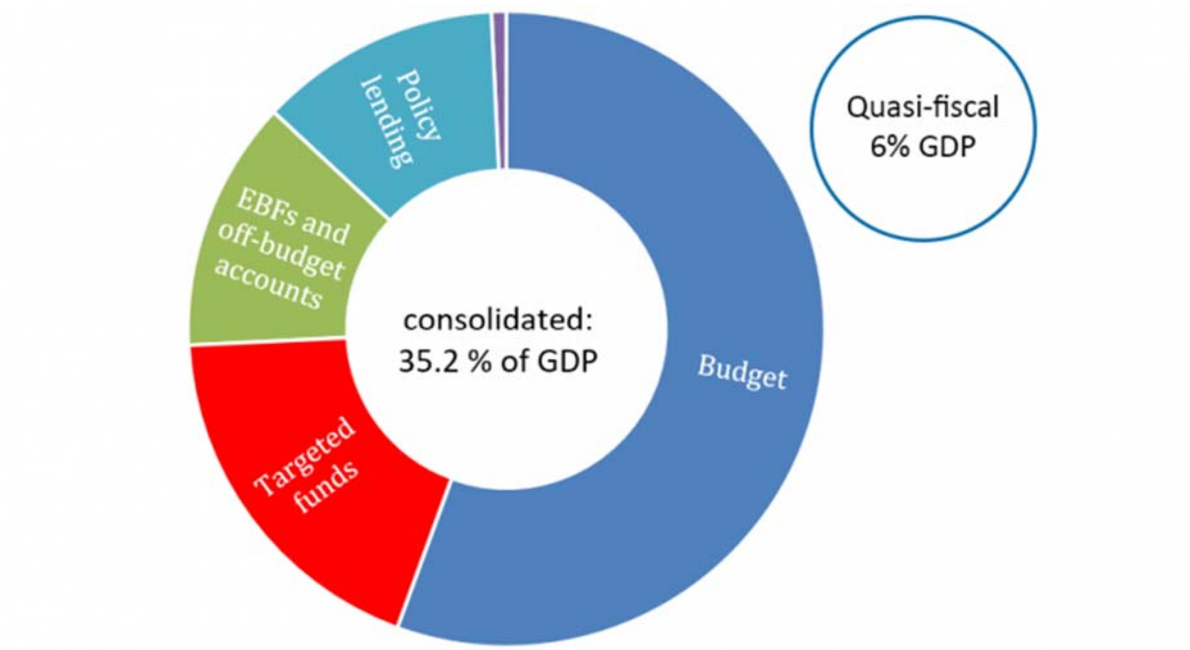

Fig 1. Improving Uzbekistan's public finances: More transparency, better budgeting, and lower taxes

About half of the state budget expenditures are expected to go to the social sector, or 22.9 percent of total expenditures to education. In 2020, 20.885 trillion will be allocated to finance general education and out-of-school institutions. UZS or 70% of the total cost of education.

In 2020, the state budget will allocate 14.842 trillion rubles to the health sector. UZS. The list approved by the Cabinet of Ministers includes the provision of certain types of medical services, including medicines, consumables and medical supplies[3].

Citizens of Uzbekistan, foreign citizens and stateless persons permanently residing in the territory of Uzbekistan, foreign citizens have the right to receive registered medical care with substantiated appeals in the presence of medical indications.

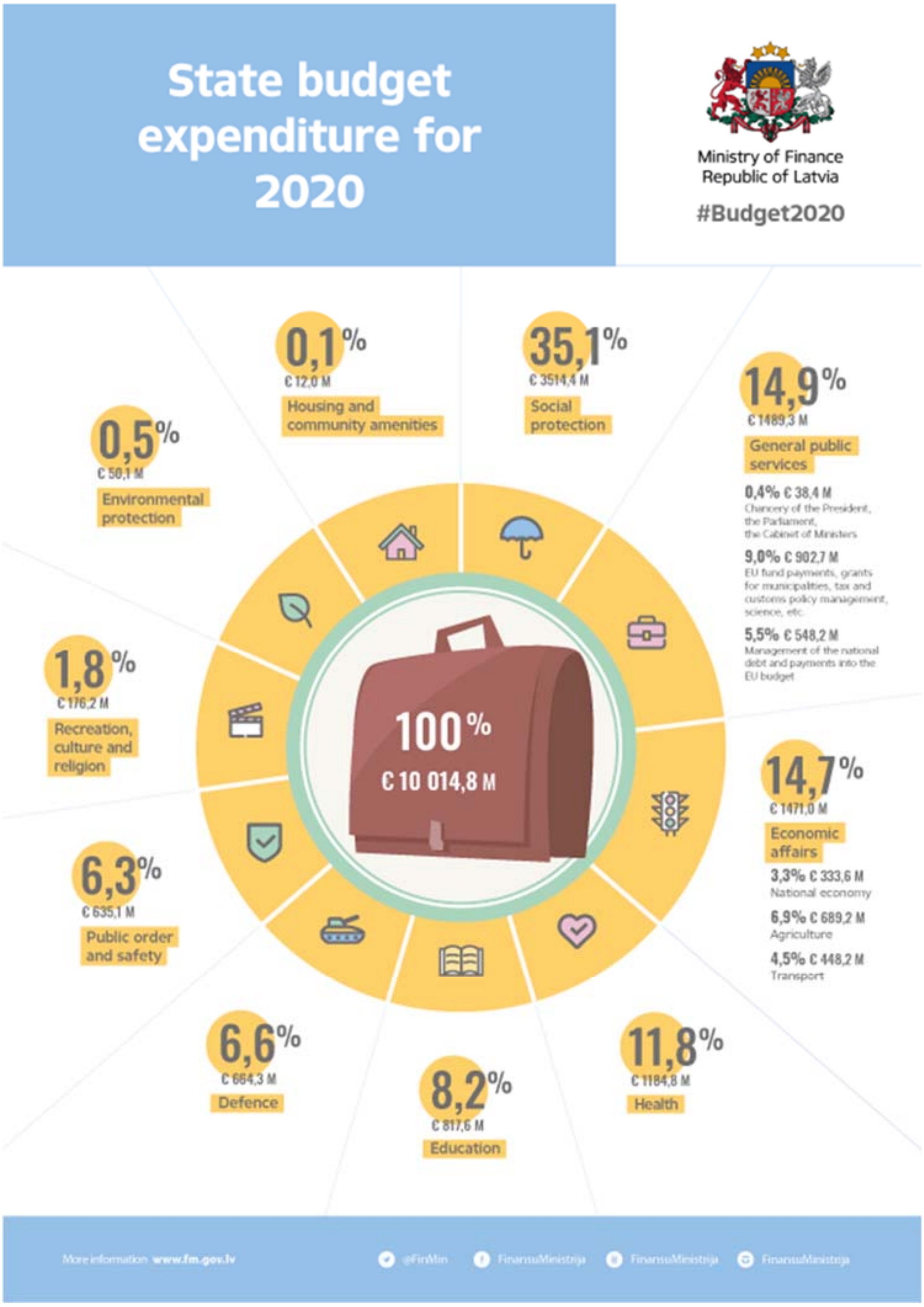

Fig 2. Latvian budget system

If we look at the economy of foreign countries in most countries, the formation of budget revenues is based on certain rules and strict laws. In many countries around the world, including Latvia, citizens pay income tax at a rate of 25% of their income. However, income tax is calculated and paid once a calendar year.

Taxes under Latvian law to citizens and organizations at low rates provide benefits, privileges, and tax deductions. But they are given only to the sectors of the economy and activities in which the state is interested in development. For example, personal income is not taxable if the income from the farm does not exceed three thousand lats per year.

Farmers have also been granted a number of significant benefits. Interest on state alimony, stipends, and bank deposits is also not subject to income tax excluded from the amount of income. They can reduce their income by spending on education and treatment. The "privileged" money doesn't even go to the treasury[2].

Latvian companies and entrepreneurs pay social taxes from the wage fund. Its base rate is 33.09%. In Latvia, tax officials deal with issues such as how much to transfer to the pension fund, how much to social insurance, and how much to the compulsory health insurance fund. Information about the place of work, length of service, tax deductions and, in general, the employment of each person is stored in his tax book. This information is used to calculate retirement age.

In this way, the information recorded in the employee's employment record book and the state pension insurance card is also recorded in the tax record book. Most of the country's enterprises are located in the capital, Riga.

The main tax paid by Latvian companies is corporate income tax. Its rate is 15%. In fact, it is a tax on profits, that is, a simple share of profits. Business expenses are deducted from the income of the business. Latvian tax laws have a concept of extraordinary tax deductions.

For example, for small firms, the corporate income tax deduction is 20% of the amount calculated. Agricultural companies can rely on discounts of ten lats per hectare of agricultural land. Companies producing high-tech and software products will receive a 30% discount.

"Revenues of the state budget for 2021 amounted to 147.0 trillion soums, excluding transfers to state trust funds - 149.7 trillion soums, revenues of state trust funds - 26.2 trillion soums. Expenditures are expected to reach 40.7 trillion soums.

It is planned to allocate 15.9 trillion soums from the national budget to state trust funds. In particular, the extra-budgetary Pension Fund plans to allocate 14.5 trillion soums from the state budget with revenues of 23.5 trillion soums and expenditures of 36.5 trillion soums.

The upper limit of the consolidated budget deficit of Uzbekistan for 2021 (including the State Budget, State Targeted Funds, Reconstruction and Development Fund, expenditures related to the implementation of state programs at the expense of external debt) is 37.4 trillion soums. m or 5.4 percent of GDP, which is projected to be 1.6 percentage points lower than the expected consolidated budget deficit by the end of 2020.

Deficit of the State Budget and State Targeted Funds The deficit of the Reconstruction and Development Fund is covered by the Fund's own funds at the beginning of the year due to the attraction of internal and external public debt and the balance of the budgets at the beginning of the year.

There are special discounts for charitable organizations, enterprises of the disabled society. The list of such enterprises is approved by the Republican Seimas. The next major tax is added value added tax Its main difference is that a firm or entrepreneur can add this tax to the price of Goods or Services only after the value-added of the state revenue service is registered in the register of taxable persons.

III. CONCLUSION

Many economists today still interpret financial opportunities as equivalent to financial resources. In our opinion, although the content of these concepts is close to each other, they are not the same thing.

According to the Ministry of Finance, the main parameters of the state budget are based on the following main fiscal objectives:

- Stimulation of aggregate demand in the economy in the context of declining external demand in 2020-2021 and the continuation of global economic activity, competitiveness of the economy, investment attractiveness, business activity, tax policy aimed at stimulating exports;

- ensuring the stability of the state budget and keeping the amount of public debt at an average level in accordance with international standards, reducing the consolidated budget deficit to less than 2% of GDP in the medium term;

- ensuring the sustainable growth of state budget revenues and the principle of fair taxation, as well as the regulation of tax benefits;

- maintaining the social orientation of the state budget. In particular, funding important programs aimed at developing education systems, health care, and raising funds to fight the coronavirus pandemic;

- timely and full financing of salaries and equivalent payments, pensions and benefits, ensuring their growth at a level not lower than inflation;

- increase social support and employment, reduce poverty and strengthen social protection;

- financing of state programs aimed at saving and efficient use of water and land resources, energy saving, protection of nature and the environment, improvement of the ecological situation and other important government programs;

- maintaining inter-budgetary relations aimed at increasing the revenue base and stimulating the efficiency of local budget expenditures;

- increase budget transparency and ensure comprehensive budget coverage.

The region can be interpreted as a part of the financial resources that use the financial resources, that is, the cash income and savings received by various economic entities from the use of the resources available in the region.

The financial capacity of a region can be interpreted as "the potential of a resource available to a region to generate income for various economic entities over a period of time."

This potential may or may not materialize, so it is also a financial opportunity appraisal, a probabilistic concept. Usually in the analysis of the composition of most financial resources of the state.

The financial situation of the population in recent times of the economic entities of the regions resources are highlighted. Probably a factor as to why they're doing so poorly the authors distinguish between the financial capacity of legal entities, the population and the state.

In our opinion, such a description is also incorrect. The concept of opportunity is in many respects a state, a region or a population specific to the local government. Although it is possible to talk about the financial capacity of the organization, it is very difficult to assess the financial capacity of the population.

The assessment of the financial capacity of the region is unique Ministry of Finance of the Republic of Uzbekistan, Economics Full study at research centers under the Ministry or there are clear recommendations and guidelines for budget practice is still the most pressing issue today [6].

In the economic literature, the financial potential is transferred to local budgets In relative terms, it should be noted that its scope should not be limited to the revenue base, but should be coordinated with specific measures in the system of additional measures of the state in accordance with the picture of growing liabilities.

Accordingly, it can be concluded that "the financial capacity of local budgets is the formation of revenue base that allows it to meet the budget norms in a manner consistent with the growth patterns of its expenditure dynamics."

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