

**INCREASING THE IMPORTANCE OF TAXES IN ENSURING  
THE FINANCIAL INDEPENDENCE OF LOCAL BUDGETS****Akram Mirzaevich Amanov**

PhD on economics, professor, International School of Finance Technology and Science, Tashkent,  
Uzbekistan

**Abstract**

*Based on the analysis of the current state of local budgets in Uzbekistan, the article contains opinions on increasing the effectiveness of taxes attached to them in increasing their financial capabilities, and based on the analysis, suggestions and recommendations are formulated. An analysis of the opinions of economists on improving the efficiency of local taxes is provided.*

**Keywords:** local budget, budget opportunities, budget revenues, tax, property tax, land tax.

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**Introduction.**

The budget system is important in strengthening the independence of the state economically. Because a large amount of financial resources are concentrated in this budget, and then they are redistributed and focused on ensuring social and economic growth.

In the conditions of the transition to market relations, the path chosen by our republic is a socially oriented, civilized market economy, and the state will have to actively participate in its regulation.

The fiscal policy of the state has a special place in this process. One of the effective tools of this policy is taxes, which form the revenue base of the budget [1]. The stronger this base is and the more appropriate the expenses are, the more stable the budget system is [2]. Local budgets have a very large role in the budget system, which is especially evident in the context of budget federalism.

One of the demands of economic liberalization is to increase the importance of local budgets in regional economic and social development [3]. The financial source of regional development is not only enterprises and organizations, but also local budget funds.

Therefore, guaranteeing local budgets with additional incomes and receipts is the main factor in its stabilization.

Naturally, when the budget stability is achieved, local authorities will have the opportunity to financially support their efforts to increase the production capacity and efficiency of economic activity in their regions and to ensure social development.

**Literature review**

Sh.Kiyosov stated, the transfer of tax revenues to the budgets of different levels and to off-budget funds is carried out in the manner and on the conditions determined by the system of legislation of the Republic of Uzbekistan on taxes and fees, as well as the legislation on taxes and fees of local budgets [4].

Economist A. Khayriddinov believes that a certain part of the national taxes that should be collected by the tax system in each local area should be determined in advance in the form of revenues assigned directly to local budgets in the form of fixed contributions and on a permanent basis who suggested the feasibility of giving [5].

Economist A.Kh. Islamkulov, in order to ensure the stability of state budget revenues and the proportionality of budget revenues at different levels in our republic, it is necessary to clearly define the powers of central and local government authorities in the financial-budgetary, budget-tax spheres, and in this case, the system of optimal distribution of revenue powers and expenditure obligations between the branches of the budget system should be established by local budgets. mentioned the need to ensure its stability [6].

According to S.S. Alieva still has an acute problem of distributing tax payments among budgetary units, delimiting their tax competence and creating some kind of objective mechanisms for redistributing funds between them [7].

### **Material and methods**

In the financing of local expenses, based on the economic nature and functions of local taxes, it is possible to determine the solution of issues such as managing the activities of tax-paying entities, the positive or negative impact on their financial and economic situation, and coordinating economic relations between the links of the budget system. Including the use of the rules applied for tax purposes when concluding a transaction between related parties to adjust the transaction price and tax liability [8].

The proper implementation of the tax mechanism is evaluated by the fact that local authorities are interested in increasing the economic efficiency of enterprises and organizations located in their territories [9].

In addition, it will be possible to strengthen control over the payment of taxes and other mandatory payments in full and on time. Because it is better to legally deduct a share of the income from these taxes in this area than to make a deduction based on the established norms from the total income received in the budget of the Republic.

Because the more the income of the local budgets increases, the more stable the financial capacity of the local government becomes, or the more the local economy develops, the more its income increases [10].

Currently, attention is being paid to local budgets due to the fact that funds are mostly spent on education, health care, social security, culture, and infrastructure development.

Positive changes in the development of economic sectors and the implementation of the policy of liberalization in the tax legislation, measures taken to further strengthen the protection of the rights of taxpayers allow to expand the taxation base and mobilize additional financial resources.

However, in practice, there are some problems in accounting of the payers of local taxes and fees, which are the main source of income of local budgets, calculating taxes and fees in the prescribed manner and paying them to the budget [11].

Well, the question of whether it is possible to stabilize the income of local budgets at the expense of increasing the efficiency of taxes is an actual issue in our research, how to find a solution to this problem.

Today, this issue is one of the problems faced by economists and senior experts, leaders of state and local government bodies, and based on the international experience in solving the problem and the reforms implemented in the tax system of our country, the effectiveness of taxes in stabilizing the income of local budgets at the expense of property and land taxes summarizing their opinions on improving the mechanism of increase, they can recommend the following:

First of all, the analyzes made during the research work, we divided the existing lands in the territory of our Republic into two groups for the purposes of taxation: agricultural and non-agricultural lands, and in the taxation of non-agricultural lands, based on the location of the taxpayer, far away from the district and city center and We have researched the determination of the tax base by using different coefficients depending on the proximity, and concluded that the method of determining the tax base is a very old and complicated method.

Also, when applying the tax rate to these lands, it is important to take into account the type of land and its territorial position (city, town) in the area where the taxpayer is located, and changing these rates every year causes a number of difficulties not only for the taxpayer, but also for the authorities that collect the tax.

The advantage of this method of setting the land tax rate is that the basic rate of the tax is determined in absolute amounts in the Tax Code, and local representative bodies study the economic status of each region (district, city) and the financial potential of the taxpayer for each region (mahalla, daha, village, street). ) apply increasing and decreasing coefficients to the basic rates of land tax. This increases the possibility of correct determination of the tax burden and the possibility of timely calculation and full collection of the tax.

Secondly, the main part of the available land in our republic is used for agricultural purposes. But for the lands used for agricultural purposes, separate taxation methods are used based on the types of activities of economic entities [12]. That is, those engaged in planting the main technical crops (cotton, grain) from the plots of land are taxed based on the normative value of the land, while the land tax for the land occupied by fruit and vegetable farms and farms that use the land for horticulture and farming purposes depends on the type of land (irrigated and non-irrigated) and they calculate the tax using correction coefficients that take into account the characteristics of the quality of the land (score).

These methods of land tax calculation cause a lot of difficulties for taxpayers and tax assessors in the distribution of the tax burden, in the application of the tax administration.

For this reason, it is desirable to introduce a uniform taxation procedure for all agricultural lands. That is, tax calculation based on the normative value of land is considered a fair tax system for land users, and tax administration processes are simplified in it.

The normative value of the land used in agriculture in our country is calculated according to the Regulation on "Improving the system of determining the normative value of agricultural arable land" [13]. In accordance with the regulation, the normative value of 1 hectare of agricultural arable land, the quality of the soil and the assessment indicators, the structure of the main agricultural crops, the normative yield of the arable land, the normative productivity of its area, the profit calculated on the main types of crops, the average annual prices of the main types of agricultural products for sale, and cotton It is calculated using the average purchase prices of raw materials and grain crops, the

percentage of profit capitalization. Profit, as you know, has a special place in a market economy. All forms of human activity, wherever it occurs, are subject to profit generation [14].

Thirdly, it was shown during the research that in our republic, the procedure of revaluing fixed assets every year or every three years based on the tax payer's category in order to determine the basis for taxation of real estate based on their average residual value and to expand the tax base is an extremely ineffective method today.

In the practice of international taxation, when collecting taxes from property and land areas, the tax base is determined based on their market prices, property and land taxes are unified, and real estate tax is introduced [15]. The introduction of this tax, firstly, simplifies the tax administration, and secondly, both taxation objects are brought to one indicator, that is, to a fixed value, and then the tax is calculated from it.

Fourthly, Analytical data shows that as of January 1, 2020, about 2.5 million real estate objects have not been registered with the state. a complete account of the existing 44.8 million hectares of land in our republic has not been formed. In doing so, establishing the procedure for state registration of rights to real estate, including ownership, ownership, and use rights to a plot of land. In particular, the system of state registration of immovable properties, state land cadastre, buildings and structures, state cartography-geodesy cadastre has been introduced;

Entering rights to real estate and land plots into the online geoportal of the Cadastre Agency and integrating the online geoportal into the National Geoinformation System and ensuring the inclusion of the land balance and report, as well as all agricultural maps into the online geoportal, their integration into the National Geoinformation System, accurate calculation of land areas and real estates and property owners ensure full information transparency.

According to the results of the research, these cases require the implementation of drastic reforms in the field, that is, the establishment of the body responsible for the existing land areas in our republic, especially the land used for agriculture, the creation of a complete cartographic basis of immovable properties and the re-registration of their users, the creation of a unified state register of real estates and real owners of land, it is proposed to develop the procedures for maintaining the land balance and its report in a unified national geoinformation system.

According to this mechanism, cartographic data on land areas and immovable properties, state register data, state register authorities, names of addresses and objects are formed in the database of the Cadastre Agency, these data are divided into three groups (of state importance, for the use of special bodies and open) and this the database is intended to be integrated into the current electronic government system, database of directories and classifiers, and databases of individuals and legal entities.

Fifth, establishing the right to apply increasing and decreasing coefficients of property and land taxes to local government bodies depending on the economic development of districts and cities

In the experience of foreign jurisdictions, in particular, in the American tax system, the determination of local taxes is included in the competence of local governments.

In countries such as Japan, Russia, and Turkey, the procedure for applying coefficients for increasing and decreasing tax rates for taxes levied on local budgets has been established.

### Conclusion

Land tax for land not used for agricultural purposes, i.e. land owned by legal entities and individuals, introduction of basic rates of land tax for the location of the taxpayer, and taking into account that the land tax is the income of local budgets, the local councils, which are local representative bodies, are responsible for the economic status of the regions and the tax payer. based on their financial potential, we consider it appropriate to grant the right to set specific rates of land tax.

Instead of calculating the tax from the average residual value of real estate in Uzbekistan, by improving the procedures for calculating and collecting property and land taxes, switching to the procedure of assessing and taxing real estate at market prices and unifying property and land taxes in stages. It would be appropriate to introduce a real estate tax

In the recommendations developed based on the results of the research, in the improvement of the procedures for calculating and collecting property and land taxes, namely:

when calculating land tax based on the normative value of land for all agricultural entities;  
unifying property and land taxes and gradually introducing real estate tax;

Assessing real estate objects of legal entities at market prices and levying tax on them can have a serious impact on the financial situation of some economic entities. For this reason, depending on the financial situation of the local business entity and the economic development of districts and cities, it is appropriate to give the right to apply increasing and decreasing coefficients of property and land taxes to local state authorities.

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