



FINANCIAL AND ECONOMIC BASIS AND PRINCIPLES OF ORGANIZING INTER-BUDGET RELATIONS

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Article history:	Abstract:
Received: 4 th January 2023 Accepted: 4 th February 2023 Published: 8 th March 2023	This article examines and studies the theoretical foundations of the formation and strengthening of local budget revenues in the context of ensuring macroeconomic stability. The current state of formation of local budget revenues and its composition is analyzed. It is based on the need to increase their income base in order to reduce the level of subsidies in local budgets. A system of practical recommendations of macroeconomic and financial description has been developed to strengthen the revenue base of local budgets.

Keywords: budget, local budget, subsidy, capital, income, expenditure.

INTRODUCTION

In the conditions of "maintaining macroeconomic stability and high economic growth" in our country, the issues of further improvement of the formation of local budget revenues and their effective use require the effective performance of very responsible tasks, it is important to distinguish two aspects of this task: first, the positive implementation of the state budget, finance and tax policy in local areas or the need to prevent the aggravation of regional economic problems and, secondly, to improve their financial capabilities in accordance with the expanding rights and obligations of local budgets. Both of these aspects are interdependently carried out together, which allows to positively solve the very important problem of the socio-economic development of the country today.

Effective implementation of the system of state support for entrepreneurship in our country has an important role in stimulating the financial and economic activities of enterprises through taxes. In this situation, solving the problems of socio-economic development successfully and without financial crises requires the stability of the income base of local budgets, including the even distribution of investment, tax, currency opportunities in them, and in this regard, the economic activity of the regions should be encouraged.

ANALYSIS AND RESULTS

The transition of the economy to market mechanisms led to fundamental reforms in the state's financial system, particularly in the budget system, which is considered its main link. In the current conditions, the state budget system of the Republic of Uzbekistan, based on the market economy, is implementing the initial stages of forming the legal

mechanism of redistribution of powers at the level of the Republic and local authorities. In general, recent changes in the current reforms, that is, in the process of economic liberalization, the financial strategy of society's development requires approaches that are compatible with the requirements of the reforms. The current reforms do not require giving more powers to local authorities in the area of the budget.

Local budget expenses are an objective economic category and have a dual nature. Firstly, it consists of costs aimed at financial support of economic sectors, and secondly, these costs are made up of the income of enterprises [1]. As the owner of local budget funds, based on the current regulatory documents, it allocates funds in the amount specified in the law "on the budget". The impact on budget expenditures through the system of state power, state management agencies, financial and credit agencies occurs during the entire period from the moment when the need for the appropriate funds is felt until they are spent.

Local budgets are managed as a component of the budget system of the Republic of Uzbekistan based on the following principles:

- unification of the legal base;
- construction of monetary system, budget classification system, budget calculation system, unit of budget process;
- compatibility of budget construction with administrative-territorial division;
- interdependence of the budgets that make up the state budget;
- equality of state revenues and expenses (taking into account the possible budget deficit);
- planning specific sources and directions of state revenues and expenses;
- implementation of state budget expenditures according to the law of the budget system;



- separation of capital and current costs;
- independence of budgets;
- correctness;
- control over the correct execution of budget reports.

The principles of "Budget independence", "Budget balance", "Interdependence of budgets", "Planning of state revenues by specific funds" and "Planning of state expenditures by directions" are at the heart of the principles reflected in the Law on the "Budget System".

The essence of the principle of "Independence" of the budget is characterized by the fact that the State body and local self-government bodies have the right to independently implement budget processes, have personal sources of income, including the attached and regulatory income for independent determination of the direction of budget funds.

The principle of "Balance" of the budget is manifested by the fact that the amount of financial resources allocated to the budget expenses must correspond to the amount of income in the budget, and the sources of financing the deficit in it are clearly indicated and the provision of funds is indicated. The Law "On the Budget System" specifies that annual normative allocations can be used to regulate the system of inter-budgetary relations.

In accordance with the principle of "interdependence of budgets", financial assistance from the republican budget to local budgets: budget subsidies, budget subsidies and budget loans are allocated in sufficient quantities, and some national taxes that should fall to the republican budget are also distributed on a normative basis.

The principle of "planning of state revenues by specific funds" means that it requires ensuring that the sources of state budget revenues arrive on time and in full. Otherwise, the timely arrival of income will destroy the possibility of timely implementation of planned expenses.

The goal of the principle of "planning according to the directions of state expenditures" is that all budget expenditures are directed to certain and specific goals. Expenses in one direction cannot be used in another direction. If you fully follow such a procedure, you will have the opportunity to get complete information on how much money was spent on which item and in what order.

According to Article 36 of the Law of the Republic of Uzbekistan "On the Budget System" dated December 14, 2000, the Ministry of Finance of the Republic of Uzbekistan and other financial bodies are responsible for the implementation of the State budget

within the framework of the indicators established by the legislation. Management of state budget revenues and expenses is carried out by the Ministry of Finance of the Republic of Uzbekistan.

Chapter 3 (Articles 11-15) of the Law of the Republic of Uzbekistan dated September 2, 1993 "On Local State Authorities" specifies the financial basis of local state authorities. According to Article 12 of this law, regional, district, city councils approve the relevant budgets.

Regional finance departments ensure the implementation of local budgets and implement the local budget within the mandate of the Ministry of Finance of the Republic of Uzbekistan.

With the adoption of the Law "On the Budget System" in our country, all stages of the implementation of the budget process, including budget formation, review, budget execution, as well as its accounting and control, were clearly defined.

In inter-budget relations, not only the relations of the republican budget with local budgets, but also the problems that arise between the relations of regional budgets with local budgets are shown to be insufficiently studied. Also, tax base department in the field of tax relations; the obligation to provide financing facilities and services in accordance with state, territorial and local social standards in the field of budget expenditures; issues of formation of new mechanisms affecting the activity of republican, regional, local finance and tax bodies have not been resolved. It should be noted that according to some experts, the economic, political and financial conditions of influence on budgets cannot be solved only by establishing some legal norms. A certain economic policy and an active "financial exchange" in society will bring about updated inter-budgetary relations.

In our opinion, it is necessary to pay attention to the main traditions of inter-budgetary relations in the future.

Section IV of the Law of the Republic of Uzbekistan "On the Budget System" is called "Relationships between budgets of different levels" and it describes the legal basis of inter-budgetary relations. One of the main articles in this section is article 13, which specifies the basis of redistribution of state budget funds between different levels of budgets.

Funds of the state budget are redistributed between budgets of different levels as follows:

1. Allocation of a part of state taxes and other state revenues to the budgets at different levels in accordance with established norms.



2. Allocation of budget subsidies from higher budgets to lower budgets.

3. Transfer of funds from the upper budget level to the lower budget level, from the lower budget level to the higher budget level according to the mutual calculations that occur in the process of budget execution.

4. Allocation of budget loans.

Budget subsidies from the republic budget to local budgets are carried out in accordance with the law "On the State Budget". Their amount depends on:

- the financial condition of regions, including the adequacy of their income base;
- socio-economic, environmental, demographic and other national tasks and programs;
- differences in the cost of goods (work, services) by regions;
- to the number of inhabitants of each region;
- the need for budget funds of the organizations located in this area;
- to other factors taken into account to eliminate the financial disparity (difference) between regions.

In the system of organization and management of inter-budgetary relations, certain restrictions that local budgets must comply with are important. According to the budget legislation, local budgets are required to have a balanced revenue and expenditure system. Local budgets cannot have a real deficit.

The development of the system of inter-budgetary relations in the Republic of Uzbekistan creates an opportunity to solve problems related to the financial independence of local budgets and local self-government bodies, and to form stable income systems of the upper and lower levels of government.

In conclusion, it can be said that local budgets are one of the main directions of further strengthening of the income base and reform of inter-budgetary relations.

Due to the fact that the revenues generated from local taxes and tax-free revenues in our republic cover a very small part of the expenses of local budgets, the main part of the revenues of local budgets is formed through inter-budgetary regulation.

Assessing the possibilities of local budgets and determining the priorities for their increase is necessary, firstly, for the formation of an effective system of inter-budgetary relations of the Republic of Uzbekistan, and secondly, for the implementation of the "policy of financial equalization" of local budgets.

CONCLUSION

The budget structure also corresponds to the structure of the state, that is, the state budget

structure is defined to be divided into several sections, like the administrative structure. Each budget line will have an associated revenue and expense group. If we talk about the division of income, taxes in all countries are divided into national and local taxes. At all stages of the economic development of countries, new requirements are placed on the structure of production. These requirements are formed under the influence of external and internal factors.

In the development of financial economic activity of enterprises, the system of social needs is only one group of factors determining the structure of social production. Another group of factors consists of labor resources and labor productivity. The amount of permanent labor resources is determined by the volume of labor resources used, the number of jobs and the share of the population engaged in socially useful work. The path of extensive development of advanced reproduction is based on the attraction of new labor force without changing the qualifications for production activities in areas with high labor capacity. In addition to the high qualification and responsibility of workers, factors known as non-capital factors of the intensive development direction of extended reproduction participate in the improvement of the structure of the regional industry.

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