



## FINANCIAL POLICY, BUDGET REVENUES AND TAX AREAS

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<b>Received:</b> 21 <sup>st</sup> March 2023 <b>Accepted:</b> 22 <sup>nd</sup> April 2023 <b>Published:</b> 24 <sup>th</sup> May 2023	The article examines one of the most pressing issues today - the financial sustainability of local budgets. The role of local budgets in the allocation of public funds and the development of social infrastructure in the implementation of economic and social tasks at the national level is highlighted. Based on the findings, proposals and recommendations were made to increase local budget revenues, achieve budget independence and find solutions to socio-economic issues.

**Keywords:** financial adequacy of local budgets, socio-economic significance of local budgets, formation of financial resources of local budgets, formation of financial resources of local budgets, main directions of local budget expenditures, foreign experience of local budgets, efficiency of local budget formation.

Financial policy is the structure of the economic policy of the state as part of the attraction of financial resources (resources), their distribution, operation and use are directed through the state it is the sum of all measures.

An important task of financial policy is one or another economic and implementation of the state plan or measures of Social Development to increase is to provide the appropriate financial resources. But it is not possible to attribute financial policy to economic policy alone. Financial policy is the policy of the state in the field of financial relations sphere of independent activity. Financial policy independent at the same time as having a character, any of the state to carry out any social activity, be it social or it is an important tool in the conduct of economic or international relations. The main tasks of financial policy are as follows:

- first of all, the volume of financial resources and from them improve the efficiency of use. Financial policy in the eyes of realise the activities you are taking, the costs associated with them to achieve the provision of available financial resources must. Also, each sum allocated from the resource ensuring maximum efficiency;
- secondly, optimal in the distribution of financial resources determination of proportions, their rational use. This task of financial policy is at the discretion of the state of the income of the enterprise determination of rational forms of transition, correct determination of the contribution of the population in the formation of state income, material and distribution between intangible production areas is performed by ways to optimize their proportions;
- thirdly, important and complex function, appropriate finance development of the mechanism, improvement of it in order to ensure the directions of development determined by economic policy. To determine the effectiveness of financial policy how satisfied is the need

of society, the goals set and the fact that the tasks have been carried out should be assessed.

The system of local budgets is the financial backbone of the state, which carries out a wide range of social activities on a nationwide scale. Through local budgets, the revenues of the regions are redistributed inter-sectoral, inter-territorial and social stratification. The rational organization, effective activities of this distribution depend on the observance of strict budgetary discipline.

Local budgets are important in the implementation of economic and social functions on a nationwide scale, primarily in the distribution of public funds and the development of social infrastructure. They are the main financial resource in the functioning of local authorities and play the main role in the implementation of the socio-economic policy of the state in places. The system of local budgets makes it possible to fulfill local requirements and needs, as well as to perform them in close connection with the implementation of the activities carried out by the state in a centralized order. Further improving the relationship, the connection between the Republican and local budgets, undoubtedly the economic development of the regions, is to eliminate as much as possible the economic imbalance between them. In addition, the real state of these works has not yet been fully studied, although several works have been carried out in the field of searching for new sources of receipts to local budgets, introducing a progressive system of tax collection and improving the basis of existing tax revenues. For this reason, it is necessary to ensure the financial barority of local budgets, to study and analyze the issues of effective formation.

We can see in their indicators of financial provision that the level of economic development of the regions of our country is different when reducing the share of budget dotations and subventions in the structure of local



budgets. Accordingly, on the scale of the regions, the tax base of income and the total amount of expenses also differ. In the meantime, each administrative region of the country with the right to form its own budget must provide the population living in the same area with certain socio-cultural services guaranteed by the state, regardless of the size of the income base.

In the socio-economic development of the country, it should be emphasized how important it is to ensure the stability of the local financial system and local budgets and the correct Organization of budget policies. At the present time, when fundamental reforms in our country are becoming more profound, it is a period requirement to make profound changes in the field of Finance and budget, as in all areas of our social life.

In the economy, at a time when market relations are increasingly developing, the need for the state to have centralized financial resources to fulfill its permanent duties becomes even stronger. In particular, the formation of centralized monetary funds takes an incomparable place in the situation when Uzbekistan sets itself the task of building a democratic civil society and entering the ranks of developed countries with a market economy. Local state governing bodies are an important component of the structure of a Democratic state. They are obliged to have certain property and financial and budgetary rights so that they can fulfill their duties. Local authorities, governors, councils of people's deputies carry out the financial activities of the regions within their competence.

In our opinion, the local budget performs an urgent task in the financial regulation of the national economy of the country, the planning of budget revenues and the effective organization of financing processes from the budget.

In our legislation, it is noted that the local budget is part of the state budget that constitutes the relevant regional, district, municipal Monetary Fund, which provides for the amount of sources of income and revenues from them, as well as the directions and amounts of expenditure of funds allocated for specific purposes during the financial year.

Local budgets are considered a primary component of the financial system of territorial state governing bodies. Alternatively, they provide local bodies with financial resources so that they can carry out the economic, social and political functions that stand before them.

Local budgets form the main financial basis of the activities of regional governing bodies. The successful implementation of the tasks on their part largely depends on their ownership of financial resources. The

socio-economic development of the regions is provided with financial resources through local budgets.

Therefore, the Coordination of local budget revenues and expenses is important in the development of the Republic and its territories. The local budget is part of the structure of the economic category of the state budget. In the economic sense, it is a centralized Monetary Fund of the state, which is necessary to ensure that the territorial governing bodies fulfill their duties and functions. From a legal point of view, however, the local budget is a legally defined form of creation and expenditure of a Monetary Fund intended to financially support the tasks and functions of local governing bodies. The budget has the status of a legal act, is adopted by the competent authority and acquires legal force.

Summarizing our thoughts, the plan of income and expenses of local budgets, its implementation and Inter-budgetary relations will not be a mistake if we say the main reason for the problems that exist in our territories today. In general, Inter-budgetary relations are relations between the Republican budget of our country, the Republican budget of the Republic of Karakalpakstan, the regional budgets of the regions, the city budget of the city of Tashkent, the budgets of districts, cities, as well as the budget code between the budgets of State target funds to provide the relevant budgets with financial resources

In the socio-economic development of Regions, the creation of a single economic territory, the financial provision of uniform minimum standards of social service, the guarantee of equal social protection and social rights to citizens, that is, the creation of favorable conditions for economic and social development in all regions of the country are the main goals of inter-budgetary relations.

In the process of formation, consideration, approval and execution of the state budget within the framework of inter-budgetary relations in our country, the relations of the authorities between the state and local authorities on budgetary powers, rights, obligations and responsibilities are regulated.

The budget of the Republic of Karakalpakstan, which is part of the state budget of the Republic of Uzbekistan, and local budgets are obliged to be balanced (balanced) in terms of income and expenses. The increase in planned expenses from its income (deficit) can only be foreseen in the parameters of the Republican budget.

Economic activities of local budgets are characterized by the presence of their own sources of income. It is necessary that they have sufficient financial resources



so that they can perform tasks in different directions in their territory.

Based on the conclusions made, the following proposals and recommendations can be made in order to increase local budget revenues, achieve budgetary independence and find solutions to socio-economic issues:

First, in the framework of the local budget, it is necessary to leave local taxes and fees in full form and these indicators unchanged even in subsequent years, that is, not to distribute among themselves under the conditions set by the high budget.

In practice, the share of large tax revenues in the district's local budget is determined from the high budget. In this case, it will not be possible to set receipts to the local budget for the next years. Because this indicator can change over time. For example, if the number of production enterprises and production in the district increases, and the tax deduction they pay also increases, then next year the deduction will be reduced due to the expansion of the tax base. In this situation, the district cannot achieve economic growth.

Secondly, leaving all taxes at the disposal of the district, and not a specific tax of a particular taxpayer.

In practice, some of the taxes paid by the manufacturing enterprise fall on the local budget of the district, some on the high budget. This is a measure aimed at improving the economic situation of the district in the future and increasing revenues to the local budget-the setting of events also sets the stage for financing expenses that are waiting for their financial solution.

Thirdly, when dividing the revenue of taxes and fees between the district, the city and the Republic, it is divided not by the type of tax, but by the taxpayer.

In practice, the revenue of the tax payment paid by an enterprise is distributed between the district, city (province) and the Republic. These works are carried out by the district tax inspectorates. In the aftermath, there is difficulty in controlling the full payment of all tax payments. Large taxpayers of the general order would not be profit-free if they were fully covered by the Republican budget. Because their legal addresses are in the same place, and production enterprises are in different regions.

Fourth, in the implementation of expenses, not to attribute all territories to targeted transfers from the high budget to Joppa. Fifth, approval of the parameters of the annual local budget by the people's Deputies of the district in effective directions, depending on the real need in the district. That is, to act on the principle of

from bottom to top " darcor. Today, the" top-down " principle prevails.

In practice, the assumption of approval of local budget parameters when determining local budget revenues from the high budget, the indicators of the plan for the total share of taxes and fees and the cross-sectional of expenses are clearly determined, and these approved data are copied by the Council of people's Deputies of the district in confirmation of local budget parameters, except What in fact?.. The real state of affairs in the district is well known to the governor, deputies and officials. It follows that while the revenue and cost orientations of local budget parameters were determined by them themselves, the problems that plagued many over the years were doomed.

Sixth, to allow district governors to plan funds to improve utilities and infrastructure, in addition to the cost of maintaining budgetary organizations.

In practice, in the event of interruptions and casualties in some communal sphere in the district, the relevant departments try to deal with them. But the full-fledged solution to the issue depends on the higher organization. The reason is whether the technique is needed, the raw material is needed, it is necessary to resort to it, if it is given, then it is necessary to wait. This leads to the birth of justified objections in the population and the waste of natural favors. There are also frequent accidents in the communal sector due to lack of funds to overcome existing problems. Therefore, the management of financial resources, completely subordinating the Departments of this sphere to the district governor, is applicable to the correction of errors in the same direction as the responsibility of the people's Council of Deputies of the district.

We are sure that the proposals and recommendations made by US will improve the functioning of local budgets in Uzbekistan and ensure their financial stability.

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