



## WAYS TO IMPROVE BUDGET TRANSPARENCY IN UZBEKISTAN

Samandarova Gulmira Muzaffar kizi

Doctoral student at the  
Tashkent State University of Economics  
E-mail: @gulmira\_muzaffarovna@mail.ru

Article history:	Abstract:
<b>Received:</b> 10 <sup>th</sup> November 2021 <b>Accepted:</b> 10 <sup>th</sup> December 2021 <b>Published:</b> 26 <sup>th</sup> January 2022	The article discusses and explores ways to improve budget transparency in Uzbekistan. The sources of formation and the main directions of increasing the stability and increasing the income of budgets of all levels have been investigated.
<b>Keywords:</b> Budget, Revenues, Taxes, Transparency, Government Regulation, Composition Of Income, Tax Policy	

Modern trends in the development of the financial system indicate, on the one hand, the expansion of the independence of local authorities of the Republic of Uzbekistan, and on the other hand, the need to implement, at the expense of local budgets, the priority areas of state policy formulated in the Decrees of the President of the Republic of Uzbekistan "On additional measures to increase financial independence of local government bodies, strengthening the responsibility of tax and financial authorities for the completeness of revenues to local budgets" dated December 13, 2017, No. 5283. In the Law of the Republic of Uzbekistan "On the State Budget of the Republic of Uzbekistan for 2021" dated December 25, 2020, No. 657, one of the priority tasks for the near future is the completion of work on the distribution of powers between public law entities and the creation of effective incentives to expand their own revenue base of local budgets.

This necessitates the identification of reserves for the growth of regional budget revenues in order to increase the stability of budgets of all levels of the Republic of Uzbekistan and to provide the authorities with sufficient financial resources to fulfill their priority socio-economic tasks.

The degree of elaboration of the problem. Various aspects of the complex scientific problem of identifying reserves for the growth of budget revenues at all levels of the Republic of Uzbekistan were reflected in numerous works of domestic and foreign researchers and were considered in the works of specialists: T.S. Malikov, O.O. Olimzhonov, B.E. Tashmuradova, B. Sanakulova, U. Yu.Urokov, K. Usmonova, E. S. Osipova, L. P. Pavlova, V. G. Panskova, I. A. Peronko, V. M. Rodionova, A. G. Siluanova, O. V. Tolstoy and others. The works of the following foreign scientists are devoted to the problems of the formation of state revenues: A. Wagner, A. Laffer, A. Lewis, D. Brummerhoff, R. Masgrave, W. Petty, D. Ricardo, U. Rostow, A. Smith and others.

The revenues of budgets of various levels together determine the direction and effectiveness of state policy of any country, ensuring the proper level of development of the socio-economic sphere, development of infrastructure, expansion of the sphere of business activity of the population.

Therefore, the use of budgetary funds, referring to a component of the financial system, generate social relations that determine the system of budget expenditures. To the extent that the formation of the revenue side of the budgets will be carried out efficiently and in a timely manner, the state policy of the country will be organized effectively and efficiently in relation to the implementation of its main functions.

As noted in the address of the President of the Republic of Uzbekistan Sh.Mirziyoyev to the Parliament: "We must revise the budget system, ensure transparency for the people of budget revenues and expenditures" [2].

Based on the foregoing, we can say that state budget revenues express the economic relations arising between the state and organizations, enterprises and citizens in the process of forming the country's budget fund in accordance with the legislation of each specific country and serve as the financial base of the state, which is an important aspect for the financial system and the country's economy.

In the formation and development of the economic and social structure of society, state regulation plays an important role, which carried out within the framework of the adopted policy. One of the mechanisms allowing the state to pursue economic and social policy is the financial system of society and the state budget that is part of it [3].

Budget revenues create the material basis for the existence of the state itself, are used to cover the needs for funds, to perform the functions assigned to it. They are considered as a factor influencing aggregate consumption by influencing the level of profitability of social groups and types of activities.



Budget revenues affect economic activity, the volume of products and technical equipment of production, the equilibrium of prices, and the sectoral and territorial distribution of investments.

The regulatory possibilities of budget revenues have certain limits. A high level of withdrawal of funds from enterprises and the population leads to a drop in economic activity, a decrease in consumer spending, a decrease in aggregate demand in the market, which, accordingly, contributes to a fall in output, an increase in prices, and a decrease in the actually produced gross national product. Nevertheless, the need to increase budget revenues is an important area of activity for any state.

Budget revenues arise from the distribution of the value of GDP. Their main material source is national income. The composition of budget revenues, their structure related to the volume of social production and national income and determined by the financial policy of the state.

The very concept of state budget revenues characterized as centralized financial resources of the state, reflecting the totality of economic (financial) relations arising in the process of forming the country's monetary fund and necessary for the state to perform its functions and tasks.

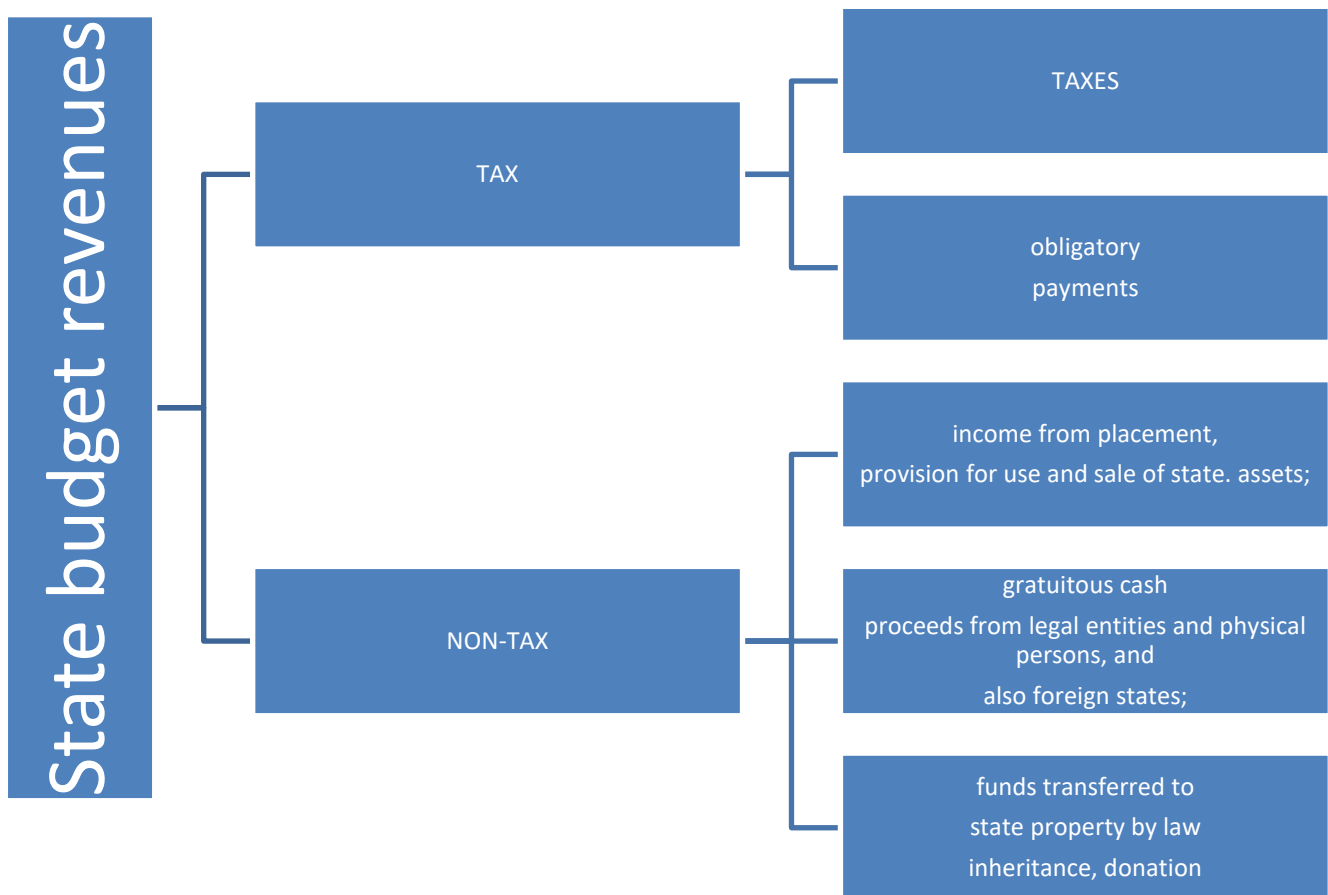


Fig. 1. The structure of budget revenues of all levels of the Republic of Uzbekistan

Considering the practice, it should be noted that reforms are being carried out in our country aimed at further ensuring the effective functioning of

the state budget; in particular, tasks have been identified regarding the optimization of the formation of the revenue side of the state budget.



Table 1. The main parameters of the consolidated budget of the Republic of Uzbekistan for 2021 year

No	Income	Forecast for 2021
	<b>Consolidated Budget Revenues</b>	<b>178 712,4</b>
1	State budget revenues	147 202,3
2	Income of state trust funds	26 173,9
3	Proceeds to the Fund for Reconstruction and Development Republic of Uzbekistan	5 336,2
4	The amount of equalizing inter budgetary transfers allocated from the republican budget in	10 443,0

Revenues of the consolidated state budget for 2021 are projected to 178,712 billion soums, taking into account:

- socio-economic development of the republic for 2021, providing for a GDP growth of 5.1% with an inflation rate of 9-10%;
- the main directions of tax policy for 2021, providing for a reduction in the tax burden from 26.2% to 24.5% for the Consolidated Budget and from 22% to 21.3% for the State Budget;
- Cancellation of tax and customs benefits and other areas;
- Changes in prices on world markets types of strategic goods.

In order to ensure the stability of the state budget revenues, the following tax rates preserved:

- Value added tax rate - 15%
- Income tax - 15%
- Personal income tax - 12%
- Sales tax - 4%
- Income tax in the form of dividends - 5%
- Property tax of legal entities - 2%
- Land tax on agricultural land - 0.95%
- Social tax - 12% / 25%

In 2021, growth planned for all categories of income (except for tax on the use of subsoil and other income) due to the recovery of economic activity and economic growth, as well as in connection with changes in tax policy. The decrease in tax revenues for the use of subsoil is due to a decrease in the rate on gold and silver from 20% to 15% (for AGMK and NMMC).

Separately, within the framework of the indicated Fig.2. block indicators have been investigated, within the framework of which, regardless of the system of the budgetary structure, the main financial instruments are concentrated, which make it possible to identify the reserves for the growth of budget revenues at all levels of the Republic of Uzbekistan.

In this case, it proposed to designate additional receipts to the budgets of the budgetary system caused by an increase in the revenue potential of the territory, as well as by measures aimed at

maximizing it, as reserves for the growth of revenues of the budgets of the budgetary system.

The effective development of the economy as a whole in the country, the formation and expansion of business activity of the population largely depends on the scientifically grounded tax and budget systems that can reflect the general laws and characteristics of a particular country formed in this aspect.

The formation of the funds of the state budget of the country carried out because of its real needs. State reforms to strengthen budget profitability include a number of innovations, in particular, the transition to medium-term budget planning and fundamental changes in the country's tax system, providing for the achievement of further maximum positive results.

With regard to the regional system of inter budgetary transfers, it is necessary to improve in Uzbekistan, which will allow:

- increase the level of development of local self-government through sustainability
  - The figure compiled based on the studied material of budget revenues and the stability of their receipts;
- Fairness, objectivity and transparency of intergovernmental transfers; information transparency; organization of effective work of the authorities at all levels;
- The dynamism of the development of local authorities;
- improving the mechanism of state regulation of the revenue side of budgets of all levels.

The goal of the state policy of the Republic of Uzbekistan in modern conditions is to increase the level of socio-economic development of all regions of the country, meet the demand for labor resources and secure the population in distant regions. Achievement of this goal ensured by solving the following tasks:

- ✓ Formation and development in the territories of advanced social and economic development with favorable conditions for attracting investments;
- ✓ Assistance in the creation and maintenance of production on the territory of the regions, the



preservation and increase in the number of jobs;

- ✓ Development of new competitive sectors of the economy.

In general, we can say that the current areas that will increase the revenue base of budgets of all levels should be:

- Improvement of the system for assessing the effectiveness of tax benefits and the abolition of those that do not meet the criteria for effectiveness;
- Carrying out effective work on planning receipts from individual incomes with a specific purpose;
- attracting investments and expanding profitable potential, including through non-financial instruments;
- increasing the efficiency of the use of state property;
- In the matter of increasing revenues to all budgets of the budgetary system of the Republic of Uzbekistan, a comprehensive harmonious policy at the state and local levels is important.

Comprehensive implementation of the proposed measures will create conditions for expanding the revenue potential of the territories, identify reserves for the growth of regional budget revenues, improve their balance and sustainability, as well as create the financial basis necessary to ensure socio-economic development, improve the living standards of citizens, and also make the budget transparent Republic of Uzbekistan.

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