

ANALYSIS OF THE CURRENT STATUS OF TAXES IN THE FORMATION OF STATE BUDGET REVENUES

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Annotation: In this article, the current state of taxes in the formation of revenues of the state budget of the Republic of Uzbekistan is analyzed. In particular, the relative change of correct and indifferent taxes, their share in GDP, the structure of the tax burden and the structure of tax policy on a statistical and structural analysis.

Keywords: State budget, proper taxes, indirect taxes, fiscal policies, income, action.

INTRODUCTION. Today, ensuring economic freedom on a global scale demonstrates the urgency of efforts aimed at stabilizing the sources of budget revenues of countries and ensuring budgetary discipline using modern, proven tools of tax control. The tax system plays an important role in the economic policy of each state. It not only ensures budget stability, but also directly affects the business environment, investment attractiveness and the level of economic competitiveness. Today, leading international organizations in the world are evaluating the tax performance of countries through various indices. In the "Fiscal Freedom" index published by the Heritage Foundation, Uzbekistan was rated -72 points as of 2024¹.

In this regard, quotes are given from the latest speech of the Head of State Shavkat Mirziyoyev on tax and budget policy. This speech was delivered at the first meeting of the Senate of the Oliy Majlis on June 11, 2024: "From 2025, it is planned to leave land, property and turnover taxes in full, and at least 50 percent of income tax in the districts and cities themselves. This will further increase the role of local councils in this area.... "... Tax audits of 'AAA' category business entities will not be conducted (with the exception of audits conducted within the framework of criminal cases) and the amount of value added tax will be reimbursed within one day without conducting audits"². The President's speech put forward a concept for reforming modern tax policy, based on its simplification and principles of transparency and sustainability. This demonstrates new approaches to taxation and the country's transition to an economic model that is open to investors, reliable, and strengthens local governance.

REVIEW OF RELATED LITERATURE. Tax policy is an important mechanism in

¹ https://www.theglobaleconomy.com/Uzbekistan/herit_fiscal_freedom/?utm_source

² https://gov.uz/soliq/news/view/27973?utm_source

state financial management, one of its main tasks is to form stable sources of budget revenues. In this regard, tax mechanisms have been widely studied in modern economic literature as a means of ensuring the fiscal stability of the state, maintaining macroeconomic balance, and stimulating production and investment activity. In particular, the work "Public Finance in Theory and Practice" by Richard Musgrave and Peggy Musgrave systematically describes the fiscal, redistributive and regulatory functions of taxes³. This resource provides a thorough scientific analysis of the role of tax policy in the state budget and its impact on economic activity. The formation of tax rates and bases, their impact on the structure of revenues are substantiated by practical examples. From the point of view of the macroeconomic approach, Rudiger Dornbusch, Stanley Fischer and Richard Startz in their work "Macroeconomics" explain the tax burden, fiscal multiplier and the relationship between government spending and tax revenues based on economic models⁴.

In recent years, our country has been implementing a number of reforms to simplify the tax system, expand the tax base, and introduce an electronic tax control system.

ANALYSIS AND RESULTS. The process of liberalization taking place in our country is also characteristic of the tax system. The tax system, being a component of the reform process, its internal driving factor, must correspond to the goals of economic reform to the greatest extent possible. Accordingly, it should be noted that tax reforms are a continuous process, which is influenced by quantitative and qualitative changes in the economy. Tax reforms are based on certain theoretical views, which are inextricably linked with scientific views on market relations. In recent years, the gross domestic product has grown by 6.5%, reaching 1454 trillion soums (approximately \$ 114.96 billion). Industrial production grew by 6.8%, agriculture by 3.1%, capital construction by 8.8%, retail trade turnover by 9.9%, and the service sector by 7.7%, accounting for 47.4% of total value added. Although data on the value of consumer goods are not available, retail trade indicators show a similar increase. The inflation rate was 9.8% (up from 8.8% in 2023). Final tax burden indicators: total taxes were 30.5% of GDP, budget expenditures were 34.5%, while the economic balance was 4.0% (according to⁵.

In world tax practice, the level of development of a country's economy can be assessed based on the ratio of direct and indirect taxes in the structure of state budget revenues. For example, in the United States, the share of direct taxes in the structure of budget revenues is close to 90 percent, which indicates a high level of development of the country's economy.

³ Richard A. Musgrave and Peggy B. Musgrave. PUBLIC FINANCE IN THEORY AND PRACTICE Fifth Edition. McGraw-Hill BOOK COMPANY. INTERNATIONAL EDITION 1989. 650 P.

⁴ Rudiger Dornbusch, Stanley Fischer, Richard Startz Macroeconomics. 2014, 427 p.

⁵ [International Monetary Fund \(IMF\)](https://www.imf.org/en/Home) <https://www.imf.org/en/Home>

The table below presents the composition of taxes and changes in them in the budget practice of the Republic of Uzbekistan.

Table 1

The role of direct taxes in the structure of state budget revenues of the Republic of Uzbekistan ⁶

№	Indicators	Years				Change in 2025 compared to 2022, in points
		2022	2023	2024	2025 plan	
1.	State budget revenues – total	100	100	100	100	X
2.	Including: correct taxes	35,7	33,9	33,8	35,4	-0,3

Analysis of the presented data shows that in 2022 the share of direct taxes in total revenues was 35.7%, while in 2023 and 2024 this share decreased to 33.9% and 33.8%. This decrease between the two years indicates a relative decrease in taxes based on direct income in the country, while, on the contrary, the share of indirect taxes (VAT, excise duties) and other revenues is increasing. According to the plan for 2025, the share of direct taxes is expected to increase to 35.4%, which means a decrease of 0.3 points compared to 2022. The share of direct taxes in the structure of state budget revenues, although it remained relatively stable in 2022–2025, is characterized by a short-term decline and a planned recovery trend.

Improving tax administration, expanding the share of formal wages, legalizing entrepreneurship, and diversifying the revenue base are key factors in increasing the share of direct taxes. At the same time, the high share of VAT, excise duties, and other indirect taxes directly affects the consumption expenditures of the population. Therefore, ensuring a balance between direct and indirect taxes is an important condition for the principles of social, fair, and fiscal sustainability of tax policy.

The share of indirect taxes in the total volume of state budget revenues in our Republic has a growing trend between 2022 and 2025. The presence of this trend is positive from the point of view of the current state of state budget revenue formation (Table 2).

Table 2

The role of indirect taxes in the structure of state budget revenues of the Republic of Uzbekistan ⁷ (in percent)

⁶ Calculated based on annual reporting data from the Ministry of Economy and Finance of the Republic of Uzbekistan.

⁷ Calculated based on annual reporting data from the Ministry of Economy and Finance of the Republic of Uzbekistan.

№	Ko'rsatkichlar	Yillar				Change in 2025 compared to 2022, in points
		2022	2023	2024	2025 pal	
1.	State budget revenues – total	100	100	100	100	X
2.	This includes: - indirect taxes	42,9	46,0	50,0	46,7	+3.8

The share of indirect taxes in total revenues in 2022 was 42.9%, while this figure reached 46.0% in 2023 and 50.0% in 2024. In the 2025 plan, the share of indirect taxes was set at 46.7%. Thus, from 2022 to 2025, the share of indirect taxes in budget revenues increased by 3.8 percentage points.

In European countries, the role of indirect taxes is higher than in the USA, Japan, Canada and Australia. In European countries, the share of indirect taxes in total tax revenues is more than 40%, and in some countries it is 50%. The group of countries with this figure exceeding 50% includes Mexico, Turkey and Korea. In the USA, Japan, Canada and Australia, this figure is 25-30%⁸.

The fact that the state budget of the Republic of Uzbekistan has a tendency to increase social expenditures requires a continuous increase in the volume of state budget revenues. This requires ensuring a high share of stable sources of income, such as value added tax and excise tax, in the structure of budget revenues. As mentioned above, direct and indirect taxes form a single tax system and are interconnected.

CONCLUSION AND SUGGESTIONS. The tax system is a central element in the governance mechanism of any country's economy, and its economic essence is aimed at strengthening the financial foundations of the state, regulating the activities of economic entities, and ensuring social equality.

The role of taxes in the formation of state budget revenues is of strategic importance. The analysis shows that the fiscal reforms being implemented in the Republic of Uzbekistan, in particular, measures to simplify, digitize and ensure transparency of tax policy, are having a positive impact on budget stability. The share of taxes in the structure of budget revenues is increasing, especially the share of indirect taxes - value added tax, excise tax and customs duties. This means that the consumption tax base has taken a leading position in replenishing the budget.

At the same time, in order to ensure stability in the tax system and expand budget revenues, it is necessary to accelerate reforms aimed at increasing the share of direct taxes,

⁸ Пансков В.П., Князев В.Г. Налоги и налогообложения. –М.: МЦФЭР, –с. 57-59.

which, first of all, requires increasing the level of formal employment and the widespread introduction of an open income declaration system.

To further improve tax administration, it is advisable to make wider use of advanced digital technologies, in particular, to introduce electronic monitoring systems that allow for real-time control for all categories of taxpayers.

From the point of view of strengthening the independence of local budgets, it is recommended to strengthen regional financial stability by expanding the territorial tax base and expanding the powers of generating their own revenues.

In general, the tax system of Uzbekistan plays a decisive role in effective management of the economy, improving the investment climate, and sustainable financing of the state budget. A deep understanding of the economic essence of taxes and their classification will create the opportunity to conduct fiscal policy more effectively.

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