

Prospects for increasing local budgets' revenues based on the social and economic development of the region

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Abstract: This article explores the potential benefits and opportunities associated with increasing local budget revenues by focusing on the socioeconomic development of a particular region. The aim is to highlight the positive impact of socio-economic initiatives on the financial well-being of local governments.

Keywords: Local budget, financing, taxes and taxation, income and expenses, grant, subsidy.

Introduction: Local budget revenues are directly related to the tasks assigned to local governments, their ability to collect local taxes and revenues, the ability of higher government bodies to provide financial assistance to regions, the level of economic development of regions, and the financial and budgetary situation. policy pursued by the state.

We know that state taxes will be distributed between the relevant local budgets in the next budget year in the manner legally established by the Oliy Majlis of the Republic of Uzbekistan. Deductions from state taxes are determined as a percentage of the amount of these taxes collected in the regions. However, these percentages are determined for the approved year each year during the preparation and approval of budget projects. Local budget revenues consist mainly of established revenues, fees, and state tax deductions. When regulating local budgets, the state widely uses deductions from state taxes as a percentage as regulating revenues, as well as funds given to a higher budget through subsidies. During the transition of Uzbekistan to a market economy, the deepening of privatization and the development of democratic processes will lead to an increase in the weight of local budgets in the state budget. Therefore, it is necessary to improve the distribution of state taxes between budgets of different levels. In this case, it would be appropriate to pay attention to the fact that the role of deductions from state taxes is not only to ensure the income of local budgets, but also to the interest of local

governments in attracting funds to higher budgets and increasing the efficiency of social production in the regions. Indirect taxes include excise from the distributed income of local budgets. All other taxes are included in the category of own taxes. Local budgets of the Republic of Uzbekistan occupy an important place in direct taxes.

Direct taxes occupy an important place in the local budgets of Western European countries, their share in the distributed income is 70-75%, indirect taxes - 3-4%, other taxes and income - 20-25%. In Japan, direct taxes make up 85%, and indirect taxes - 15%. As we can see, the weight of indirect taxes from the income of local budgets in different countries is different. Excise tax is a net income of the state and is levied to the state budget upon the sale of excisable goods. Excise tax is applied to valuable goods and products, and the main task of excise tax is to ensure the revenue side of the state budget. The main purpose of transferring excise taxes to local budgets is to strengthen the revenue base of local budgets. Fixed taxes received by local budgets are divided into taxes on profit, income and resources. The ratio of local budgets to fixed income of different types of direct taxes varies in different countries. In Scandinavian countries, accrued profit, income from income tax make up 80-90% of the total amount of accrued taxes. In Belgium, Germany and Austria, the same figure is more than 50 percent. In Ireland, property taxes are the only fixed taxes. In the Netherlands, property taxes make up 2/3 of all taxes. In

Japan, 48% of tax revenues transferred to local budgets come from housing tax, and 21% from property tax. An analysis of revenues sent to local budgets of the Republic of Uzbekistan shows that their share is increasing based on the approved budget. The goal of the state is to increase the revenues of local budgets of local governments.

Exceeding the forecast of revenues of the republican budget of the Republic of Uzbekistan, the republican budget of the Republic of Karakalpakstan, regional budgets of regions, the city budget of the city of Tashkent, budgets of districts and cities is defined as the amount exceeding a certain forecast of revenues for payments in the manner prescribed by law. It is also not allowed to centralize part of the revenues of lower budgets that exceed the forecast of a higher budget.

One of the priorities of the reforms implemented in our country to increase the independence of local budgets is to ensure the active participation of citizens in determining the areas of spending funds from additional revenues of the local budget of the corresponding region. In this regard, the Resolution of the President of the Republic of Uzbekistan Shavkat Mirziyoyev dated August 22, 2018 No. PQ-3917 "On measures to ensure the openness of budget information and citizen participation in the budget process" is of great importance. In particular, starting in 2019, mechanisms have been introduced to ensure citizen participation in the budget process, spending at least 10% of additional sources of local budgets of cities and districts, taking into account public opinion. Starting from 2022, it is planned to allocate 5% of the total expenditures of the city's local budget and at least 30% of the additional funds generated in the "Civil Initiative Fund" to finance events formed on the basis of public opinion. For public control over budget expenditures, the "Open Budget" portal was launched, which includes state budget projects, the main areas of tax and budget policy, budget execution reports, conclusions of the Accounts Chamber and additional sources of local budgets, information is published on events that are planned to be financed from the account. In addition, the "Initiative Budget" project was launched on this information portal with the aim of allocating at least 10% of additional funds from local budgets of cities and districts to finance the socio-economic sphere, taking into account the opinions, proposals and voice of the public. Based on the above, it can be said that the rights of local governments in planning and executing local budgets should be expanded. In our opinion, it is advisable to further improve the legal framework for the relationship between the republican budget and local budgets.

Such transfer of powers to make financial decisions

from the sectoral level to the regional level is a legitimate step in the formation of a market economy and is expressed in the decentralization of the decision-making process, which is natural for the business environment.

The reforms carried out in the country show that the process of making management decisions should be gradually transferred from the highest level to the regional and regional levels, and then the self-government of non-governmental bodies of civil society (entrepreneurs, producers, consumers expressed the logic of transferring to competent authorities).

The logical continuation of these processes is the increasing role of local governments and local budgets in inter-budget relations. In these processes, it is important to increase the volume of financial resources and especially budgetary funds for the implementation of local authorities' tasks. In our opinion, the introduction of stable uniform regulations for deductions from national taxes to local budgets over a certain period of time is of great importance for reforming the process of financial equalization of local budgets, improving it and bringing it up to the level of world standards. The fact that regional budget expenditures are not provided with sufficient revenues requires the redistribution of part of the revenues collected in the budget of the primary republic into state regulation of local budgets. For this purpose, in the practice of all countries, grants and subsidies are used.

In order to increase the financial sustainability of local budgets of the Republic of Uzbekistan, it is necessary to develop measures aimed at increasing the efficiency and optimizing the structure of budget expenditures, which requires the creation of certain conditions and incentives for all participants in the budget process. The first should include the organization of a budget process focused on the final result, restructuring the budget network, and improving the investment management system.

The use of the technology of standards for deductions from national taxes to budgets of different levels is due to the need to form a revenue base for the budgets of regions that do not have a sufficient revenue base to cover the expenses of their own budgets. It should be noted that the use of the above mechanism does not guarantee the formation of a revenue base for local budgets that would be sufficient to cover their priority expenses. In order to cover the priority expenses of local budgets when drafting budgets, financial authorities use the following instruments of interbudgetary relations for the missing portion of

revenues:

- targeted subventions for local budgets, the revenue portion of which, even if the national and local taxes collected in the region are fully credited to the local budget, does not cover the expenses of these budgets;
- subsidies to local budgets to fully cover their expenses due to the insufficiency of their own revenues. (Subsidies are provided for individual local budgets of cities, districts or regions, the expenses of which are not covered even if the national and local taxes collected in the territory of such regions are fully credited to their
- budgets, as well as the allocation of targeted subventions to cover a certain type of expenses);
- "transferred revenues" - a portion of the revenues of one budget transferred in a planned manner to another budget.

Thus, increasing the income of local authorities and optimizing their expenses should undoubtedly lead to increased sustainability of local budgets, which is of no small importance for the further development of the Republic of Uzbekistan.

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