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LOCAL BUDGET REVENUES - AS AN IMPORTANT PART OF THE PROFITABLE POTENTIAL OF THE REGION

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Abstract: the article discusses the current state of local budget revenue generation practices in the Republic of Uzbekistan based on the objectives of effective fiscal policy in 2020, its problems and new aspects, as well as ways to improve the efficiency of local budget revenue generation.

Key words: links of the budget system, local budgets, local budget revenues, own (attached) revenues, regulatory revenues, transferts.

Annotatsiya: Maqolada O‘zbekiston Respublikasida davlatning 2020-yildagi samarali byudjet-soliq siyosati vazifalaridan kelib chiqib mahalliy byudjetlar daromadlarini shakllantirish amaliyotining hozirgi holati, uning muammolari va yangi jihatlari hamda mahalliy byudjetlar daromadlarini shakllantirish tizimi samaradorligini oshirish yo‘nalishlari ko‘rib chiqilgan.

Kalit so‘zlar: byudjet tizimi bo‘g‘inlari, mahalliy byudjetlar, mahalliy byudjet daromadlari, o‘z (biriktirilgan) daromadlari, tartibga soluvchi daromadlar, transfertlar.

Аннотация: в статье рассмотрены современное состояние, проблемы и новации в действующей практике формирования доходов местных бюджетов в Республике Узбекистан, исходя из задач бюджетно-налоговой политики государства на 2020 год, а также были рассмотрены пути повышения эффективности системы формирования доходов местных бюджетов.

Ключевые слова: звенья бюджетной системы, местные бюджеты, доходы местных бюджетов, собственные (прикрепленные) доходы, регулирующие доходы, трансферты.

Introduction: The medium-term development strategy of Uzbekistan identifies important tasks such as increasing the base of local budget revenues, ensuring their financial independence, creating a competitive environment between the regions, and it is important to study and apply the best practices of developed countries in our country.

Reflecting on the development of the regions, the President of the Republic of Uzbekistan Sh.M. Mirziyoyev says that “local budgets do not have enough funds to finance sustainable socio-economic development of the regions” [1].

The Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 aims to increase the base of local budget revenues, ensure their financial independence, improve inter-budgetary relations aimed at strengthening the

revenue side of local budgets, comprehensive and regional Priorities have been identified, such as balanced socio-economic development, active attraction of foreign investment in the regions through the improvement of the investment climate. It is important to study the best practices of developed countries and apply their positive results in the country [2].

Our main goal is to strengthen sustainable financing of integrated development of regions and decentralize the revenue base of local budgets, further improvement of inter-budgetary relations, strengthening financial freedom of local authorities, promoting small business and private entrepreneurship, creating new jobs and employment, engineering, increasing their responsibility in the implementation of targeted measures to expand tax capacity through the rapid development of communications, road transport and social infrastructure [3].

Literature review: Today in the special economic literature and periodicals there are different views on the system of local budget revenues (Table 1).

Table 1

Interpretation of the content of the system of local budget revenues in the economic literature

№	Interpretation of the need for local budget revenues	Authors
<i>Foreign authors</i>		
1.	The revenue base of local budgets is based on local taxes and levies and real estate taxes, which are set, calculated and collected by local governments, and they play a special role in determining the medium-term revenue forecast.	Tommazo Olivero, Annaliza Skognamiglo [4]
2.	Local budgets, within the limits of their statutory powers, have their own revenue base, ie financial support for the implementation of expenditure obligations. In this process, local authorities are advocating a pragmatic approach, thereby highlighting the shortcomings of local policy to meet various austerity pressures and restrictions.	Aldag A.M., Kim Yu., Varner M.E. [5]
<i>Local authors</i>		
3.	The basis for the distribution of public funds between the branches of the budget is the independence of local budgets, their financial support by the state, the formation of their revenues from regional sources. Based on these principles, local budget revenues are formed from their own revenues and revenues from managed sources.	Vaxobov A.V., Kasimova G.A., Jamolov X.N. [6]
4.	Although local taxes are considered the primary source of funding in local budgets, they are not sufficient to finance expenditures attached to the local budget. When determining the budget parameters, deductions from national taxes are determined. This process is developed annually during the approval of budget parameters and is determined and approved in accordance with the decision of the President.	Malikov T. [7]



In general, the concept of «sources of local budget revenues» has been used in the authors' speeches since the formation of the country's fiscal system, but its content is still controversial, and the definition of this concept is not reinforced by legislation, and requires clarification of the description of their contents.

Based on these directions, it should be noted that the revenues of local budgets from local taxes, levies, duties and other mandatory payments to the budget of the Republic of Karakalpakstan and local budgets in accordance with the norms established by law, inheritance, gift in accordance with the legislation from the state taxes, levies, duties and other obligatory payments to the budget of the Republic of Karakalpakstan and local budgets in accordance with the norms established by the legislation, income from placement, commissioning of state property. It is formed at the expense of funds transferred to the state property on the right, budget transfers from higher budgets, non-refundable receipts from legal entities and individuals, as well as from other countries, as well as other income. [8]

Research Methodology: In this article induction, deduction, analogy, comparative, observation, comparison research methods are used.

Analysis and results: The Presidential Decree on No. PF-5283 of 13 December 2017 “On additional measures to increase the financial freedom of local authorities, strengthen the responsibility of tax and financial authorities to ensure the completeness of revenues to local budgets identified the priorities of fiscal policy at the level of local budgets. Including:

- radically strengthen the revenue base of local budgets by attaching specific types of taxes and other mandatory payments to them;
- Exemption of regional, city and district budgets from subsidies, gradual reduction of their dependence on higher budget allocations, thereby increasing the freedom and responsibility of local authorities in addressing issues of socio-economic development of the regions;
- Identify additional reserves on a systematic basis to increase local budget revenues;
- Strengthening the responsibility of local authorities, finance and tax authorities to strengthen the revenue base of local budgets and ensure the timely, targeted financing of approved expenditure parameters, further development and maintenance of social facilities and infrastructure (Table 2) .

Table 2

Information on strengthening the revenue base of local budgets, creation of additional sources of revenue to the budget as a result of the implementation of the Decree of the President of the Republic of Uzbekistan in December 13, 2017 No PF-5283 [9]

№	By directions	As of 01.01.2019
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		Number of enterprises	Extra tax base (million soums)
1.	For newly established entities in the field of industrial production	8 522	15 857,7
2.	For newly established small businesses	28 523	2 205 ,1
3.	For newly established service companies	42 146	1 820,7
4.	Rehabilitation, modernization and re-equipment of existing enterprises	13 856	3 197,0
5.	By rehabilitating unpromising manufacturing companies by selling them to new owners	1 341	613,8
6.	The order in which taxes are paid centrally by the parent companies on the spot	3 387	1 390,9
7.	Due to the expiration of tax benefits	25 976	1 185,2
8.	To increase tax collection	1 804	1 162,0
	Total	125 555	27432,4

As shown in Table 2, as a result of the above measures to strengthen the revenue base of local budgets, as of January 1, 2019, the number of enterprises reached 125,555, and the number of additional revenues to the budget amounted to 27,432.4 million. soums.

In the context of accelerating reforms in the framework of the Action Strategy, for the first time the State Budget of the Republic of Uzbekistan, together with experts from the International Monetary Fund and other international financial institutions, was developed in accordance with international standards. For the first time, according to the Law of the Republic of Uzbekistan «On the State Budget of the Republic of Uzbekistan for 2020», the expenditures of the republican budget are allocated by ministries and departments by the chambers of the Oliy Majlis of the Republic of Uzbekistan, expenditures of local budgets are approved by local councils of people's deputies.

ble 3

Information on revenues, expenditures of local budgets of the Republic of Uzbekistan in 2020 and financial transfers from the national budget [10]

№	Name of regions	Income	Expenses	The amount of transfers	Balance of income and expenses, in %
1.	The Republic of Karakalpakstan	2 833,3	2 833,3	-	100
2.	Andijan region	2 187,4	2 803,6	616,2	78,0
3.	Bukhara region	2 142,3	2 142,3	-	100
4.	Jizzakh region	1 050,8	1 499,0	448,2	70,1
5.	Kashkadarya region	2 935,7	3 693,8	758,1	79,5
6.	Navoi region	1 353,6	1 353,6	-	100

7.	Namangan region	2 016,5	2 994,2	977,7	67,3
8.	Samarkand region	2 714,8	3 036,6	321,8	89,4
9.	Surkhandarya region	1 741,6	2 580,7	839,1	67,5
10.	Syrdarya region	751,1	1 095,0	343,9	68,9
11.	Tashkent region	2 582,9	2 582,9	-	100
12.	Fergana region	3 005,6	3 357,5	351,9	89,5
13.	Khorezm region	1 402,2	1 859,2	457,0	75,4
14.	Tashkent city	3 556,1	3 556,1	-	100
	Total:	30 273,9	35 387,8	5 113,9	85,5

Table 3 shows that in fiscal year 2020, only 5 of the country's 14 local budgets, or 35.7 percent, will be able to cover 100 percent of their expenditures with their own revenues. The remaining 9 regions need to receive financial support from the national budget, ie inter-budgetary transfers. In addition, the fact that this financial support is actually aimed at covering the local budget deficit, trying to express it in general terms - «ensuring the transparency of the state budget», «clear and targeted state measures in the regulation and management of local budgets», «local budgets», it is natural that the implementation of effective measures to stimulate interest will have a negative impact on the implementation of such needs.

Conclusion: In conclusion, we can say:

1. The presence of the share of inter-budgetary transfers in the structure of local budget revenues and its high share in the structure of revenues, their financial dependence on high budgets, creates «liquidity» problems in financing current expenditures related to the provision of specific budget expenditures. Therefore, in the near and medium term, it is necessary to have a clear «Roadmap» to reduce the share of inter-budgetary transfers in local budget revenues. At the same time, they need to be targeted, and the prospects for capacity building need to be clarified.

2. In the medium term, local budgets have the potential to increase the additional tax base by strengthening the revenue base of general economic factors, in particular, the rehabilitation, modernization and re-equipment of newly established entities and existing enterprises in the field of industrial production.

3. Among the financial factors in strengthening the revenue base of local budgets, there is an opportunity to ensure a high level of revenues to local budgets through the introduction of centralized tax payment by local enterprises and increased tax collection.

In general, it is desirable to strengthen the role of local governments in deepening reforms to strengthen the revenue base of local budgets in the context of general economic and financial factors.

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