

The importance of tax policy in the development of the economy of Uzbekistan

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Abstract: The article discusses the theory of taxation, existing problems, as well as solutions to these problems. In particular, the influence of tax policy on the economy of the Republic of Uzbekistan has been studied.

Keywords: taxes, tax system, theory, economics, reforms.

Introduction

Historically, the objective for the introduction and establishment of taxes is due to the emergence of the state and the need to implement economic, social, defense and management tasks [2]. The theoretical basis of tax research and tax approaches constitute representatives of the scientific and economic schools as the classical school of the XVIII century, Keynesianism and institutionalism. The principles of taxation were first formulated in 1776 by the representative of the classical school, Adam Smith:

- ✚ the principle of equity, ie all citizens are obliged to pay taxes in proportion to their income;
- ✚ the principle of certainty, that is, the amount of tax, the time and method of its payment must be known to the taxpayer in advance;
- ✚ the principle of convenience, that is, taxes should be levied at the time and in a manner that is most convenient for the taxpayer;
- ✚ the principle of parsimony, that is, the costs of the state for the collection of taxes should be minimal [1, p. 34].

Literature review

The above principles served as the foundation for the development of taxation in world science. A. Smith identified three main sources of taxation: "All taxes and all income based on them - all salaries, pensions, annual rental income of all kinds - are ultimately obtained from one or another of these three initial sources of income and are paid directly or indirectly from wages, from the profits with a rent from the land " [1].

These sources of taxation - wages, profits, income and cadastral value - remain the main components of the tax base in the modern world. In the 30s of the XX century, a new direction in economics appeared in England - Keynesianism. His Representative and applicant - English economist John. Keynes - in his main work "General Theory of Employment, Interest and Money" calculated optimal tax rate for long-term economic growth in the size of the state budget - 18% of the gross national product, because the budget is not only the sum of all costs, but is the sum of all income. Thus, 18% is the optimal average tax rate, which reflects the balance of interests of the state, society and business. Representatives of the economic trend "institutionalism" that emerged in the United States at the beginning of the 20th century - T. Veblen , J. Commons , W. Mitchell - viewed taxes "not as a duty of citizens, but as an obligation" [3].

President Ronald Reagan in his economic policy adhered to the views of the tax concept of the economist Arthur Laffer, who graphically reflected the direct relationship between the increase in tax rates and tax inflows to the state treasury. According to the Laffer curve, an increase in tax rates is a guarantee of growth in tax revenues only up to certain limits. A further increase in the tax rate leads to an excessive tax burden and a reduction in the state budget due to the fact that many manufacturers go bankrupt, and some market participants begin to move into the shadow economy, hiding their incomes [4]. However, it should be noted that any tax theory in difficult modern economic conditions should have its own tools that would allow predicting the consequences of its application. These tools include economic and mathematical models. From the point of view of the tasks of forming an optimal taxation system, there are various formal models that make it possible to predict the behavior of the economy when changing the applied conceptual methods of taxation. The essence of the application of these models lies in the fact that from the standpoint of mathematical theory, it is possible to describe a model of changes in the state of the economy depending on the structure and parameters of the tax

system. The model should take into account the indicators of tax collection depending on the list of taxes and the amount of fees. At first glance, it seems that the more different taxes there are, the more money the state has for its own needs and for development, including the economy. But with an increase in the tax burden, prices rise and, as a result, economic activity decreases. As a result, tax collection decreases. Again, as the tax burden rises, the share of the shadow economy that does not pay taxes increases. For example, taking a specific model of Evans, we can consider the following pattern: the establishment of taxes radically changes the balance sheet position of the market, equilibrium can be achieved only with an increase in price. And the price increase itself is proportional to the excess of demand over supply. But if prices continue to rise steadily, immediate government intervention is needed. There is another kind of mathematical model, which is called "micro - imitation". This model serves as a means of estimating expected budget revenues and is also used for forecasting. As a rule, there are two types of micro - simulation model: statistical and dynamic. Statistical models are used to model potential short-term transformations in tax laws and fiscal regulation. Dynamic models perform the same function, only in the long-term planning phase. The main difference between these models is that the statistical model does not imply a change in the reaction of business entities due to changes in tax legislation; and the dynamic, on the contrary, considers it a necessary condition.

Analysis

The Decree of the President of the Republic of Uzbekistan "On the Concept of Improving the Tax Policy of the Republic of Uzbekistan" dated June 29, 2018 opened a new page in tax policy. This concept provides for a radical reform of the tax system, including the reduction of taxes and mandatory payments, the abolition of ineffective tax incentives, the main purpose of which is to create a favorable competitive environment, ensure stability and simplify tax legislation, reduce the tax burden, increase the investment attractiveness of our country's economy, as well as improve the tax administration [6, p. 6-8].

In particular, these problems are:

- ✚ firstly, a high tax burden for payers of the generalized tax, as well as the difference in the tax burden between business entities that pay taxes in a simplified and generalized taxation system;

- + secondly, there is an ineffective system of tax incentives and mandatory payments that impede the taxpayer's working capital, as well as increase the average and final cost of consumer goods and impede the development of cooperation between large and small businesses;
- + thirdly, there is no clear system of risk analysis and risk management in the implementation of control measures that have a negative impact on the quality of control measures and prevent interference with subjects of fair economic activity;
- + fourthly, due to the insufficient level of collection of taxes, due to the ineffectiveness of mechanisms of local taxation and tax administration, as well as the lack of an objective assessment of real estate and land plots and their value.

In order to solve the existing problems of the system government eased the tax burden simplifying the system of taxation to improve tax administration, as well as based on the results of public discussions and recommendations of the International Monetary fund, and international experts. The following measures have been taken to improve the tax system:

- + A single income tax rate for individuals with 12% for each citizen, including the transfer of 0.1% to personal savings retirement accounts is introduced. At the same time, the existing procedure for exemption from taxation of income of 4 categories of the minimum wage of certain categories of citizens is preserved;
- + Cancellation of insurance deductions deducted from off-budget pension funds for citizens' income;
- + Reduced rates and income tax from 14 to 12% for legal entities for commercial banks from 22 to 20%, as well as the cancellation of the procedure for calculating the income tax for legal entities (mobile company) by increasing the tax rate from 14 to 20 percent;
- + the rate of income tax deducted from sources of payment of dividends and interest rates has been reduced from 10 to 5 percent;
- + introduction of a personal income tax, land tax, property tax and for water use for all of subject organizations, including legal entities with a turnover of up to 1 billion soums ;
- + improvement of the procedure for calculating and paying tax on excess profits, including royalties [7 , p. 1-3];

- + the tax rates of 5% to 2% on the property of legal entities have been reduced, while maintaining the tax accounting regime at the rate higher than for legal entities that inefficiently use the constructed buildings and structures, including previously privatized objects;
- + the calculation and payment of tax at the base rate of 4% and voluntary payment of value added tax for taxpayers with an annual turnover of 1 billion soums of annual turnover (revenue) has been established;
- + the current VAT rate of 15 % was supported by introducing a full value-added taxation system, clarifying the tax base and reducing the number of benefits by reducing the tax rate by 2019;
- + In order to finance the relevant measures, it is envisaged to combine excise taxes and duties for each producer of alcoholic beverages and tobacco products by transferring funds to the national budget. The new taxation system that emerges as a result of the above tax reforms should provide for:
 - + rapid development of the economy;
 - + the same tax burden is applied to all business entities;
 - + creation of a healthy competitive entrepreneurial business environment;
 - + Further liberalization of the economy, protection of the rights of entrepreneurs and investors.

Conclusion

Taxes have a tremendous impact on the economy and are the main instrument for government regulation. The role of taxes in any state is determined by the functions that they perform. The function of the tax manifest its essence in a way of expressing its properties as well its value for economic system[8].

The above-mentioned measures directly change the rules of “game” for investors and entrepreneurs, thereby stimulate faster economic development. All in all, the improved Tax Code will serve the people’s interest.

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