

# ANALYSIS AND IMPROVEMENT OF THE LOCAL BUDGET REVENUE ACCOUNT

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**Abstract.** This article describes the theoretical and methodological issues related to the theoretical aspects of the organization of the calculation and reporting of local budget revenues. Sources and formation of local budget revenues are shown, and theoretical aspects of the organization of local budget revenues calculation and report are explained.

**Keywords:** budget revenues, budget process, recipients of budget funds, budget expenditures, state budget, local budget, finance, national income, local taxes, monetary funds.

**Аннотация.** В данной статье рассмотрены теоретические и методические вопросы, связанные с теоретическими аспектами организации расчета и отчетности доходов местного бюджета. Показаны источники и формирование доходов местного бюджета, разъяснены теоретические аспекты организации расчета и отчетности доходов местного бюджета.

**Ключевые слова:** доходы бюджета, бюджетный процесс, получатели бюджетных средств, расходы бюджета, государственный бюджет, местный бюджет, финансы, национальный доход, местные налоги, денежные средства.

## **Introduction**

Currently, the state budget in our country is a centralized fund of state funds, which includes the sources of income and the amount of receipts from them, as well as the directions and amount of funds allocated for specific purposes during the fiscal year. Information about the budget execution process is formed by organizing and maintaining the budget account.

The President of the Republic of Uzbekistan, Sh.M. Mirziyoyev, said in his speeches, "In today's difficult conditions, our main task is to ensure the continuation of the comprehensive reforms that have begun in our country, and the bold steps we are taking towards building a new Uzbekistan."<sup>1</sup> Ensuring economic and political stability in the conditions of global crisis, addressing existing local

<sup>1</sup> Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis on December 29, 2020. "People's Word" No. 19 (7521), 29.12.2020.

problems, supporting our compatriots in need of help, and realizing the dreams and hopes of our youth - this is the main task of leaders at all levels, starting with the President. In the implementation of these very important tasks, the main requirement is to ensure effective cooperation between state and community institutions, to increase efficiency and quality in this process.

The formation of budget revenues is one of the elements of the general process of distribution and redistribution of the country's GDP and has an intermediate character. They are created as a result of the transfer of a part of the income and savings belonging to legal entities and individuals to the budget.

### **Literature review**

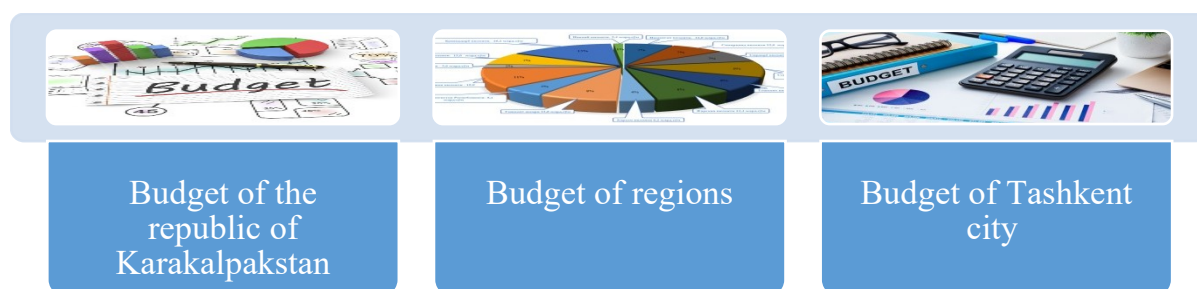
Russian professors Y.V. Sokolov, S.I. Kolesnikov, T.S. Maslova, S.G. Khabayev, foreign scientists and economists who made special contributions to the research of finance, state budget, local budget revenues and expenses, and the effective organization of state financial control articles and theses were used in the preparation of the article. In addition, the scientific works, textbooks, textbooks, scientific articles of our republic's economists-scientists A.A. Ostonokulov, A.J. Tuychiev, A.S. Tursunov, B.I. Nurmukhamedova, D.A. Tashmukhamedova, G.A. Kasimova, K.SH. and was used in the preparation of the article by analyzing its practical aspects.

### **Analysis and results**

Effective organization of the activities of local budgets and further increase of financial stability of local budgets in the conditions of changes in the socio-economic situation in different regions of our country and renewal of the economy is the most important component of the reform of state finances. Currently, issues of reforming and optimizing the management system of local budgets are an important task facing the improvement of budget legislation.

Local budgets are important in the implementation of economic and social tasks of the whole state, first of all, in the distribution of state funds and the development of social infrastructure. They are the main financial source in the activities of local authorities and play a key role in the implementation of the state's socio-economic policy.

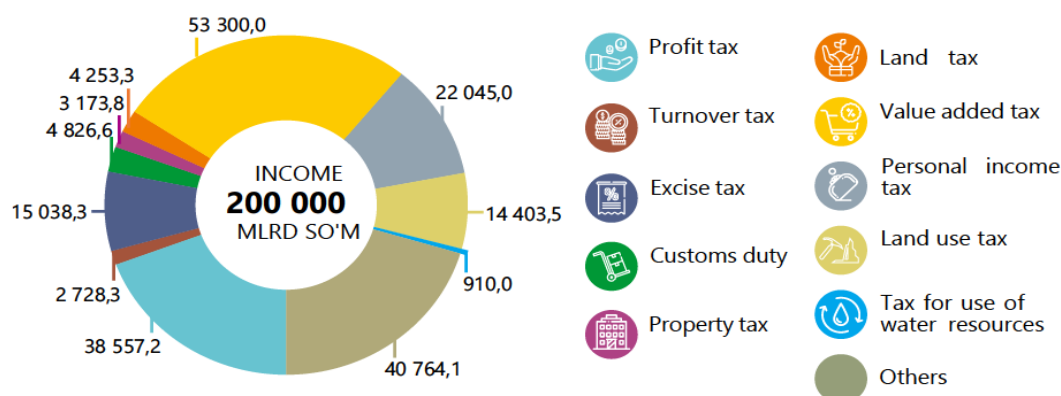
**Picture 1**



## Structure of local budgets of the Republic of Uzbekistan.<sup>2</sup>

The budget legislation of the Republic of Uzbekistan is based on the Constitution of the Republic of Uzbekistan and the Budget Code of the Republic of Uzbekistan, "On Budgetary Rights of the Republic of Karakalpakstan", "On Local State Power" of the Republic of Uzbekistan Law, the Law of the Oliy Majlis of the Republic of Uzbekistan "On the State Budget" adopted for the relevant financial year and other legal and regulatory documents on budget issues.

**Picture 2**



Composition of state budget revenues, forecast for 2022<sup>3</sup>

**Picture 3**



### Implementation of 2022 state budget revenues<sup>4</sup>

If we look at the forecast of 2022 revenues to the state budget and the implementation of the 2022 budget revenues, according to the administration of the tax committee, the budget revenues were fulfilled with an increase of 4.1 percent. According to the Customs Committee, it was carried out with an increase of 11.9 percent. Then, if we look at the type of tax, the surplus has been fulfilled according to these tax types:

1. Income tax from individuals
2. Property tax
3. Land tax

The reason for the increase in income for these types of taxes is as follows:

<sup>2</sup> Law of the Republic of Uzbekistan on approval of the "Budget Code" dated December 26, 2013 No. ORQ-360. Article 34.

<sup>3</sup> The budget for citizens-2022 was prepared by the authors through the forecast

<sup>4</sup> The budget for citizens-2022 was prepared by the authors through implementation

1. The reason for the increase in personal income tax is the increase in the number of taxpayers and the increase of 14.7% in 2022.

2. The reason for the increase in income from property tax is that starting from January 1, 2022, the values for buildings and structures are determined depending on the regional location of tax bases.

3. Indexation of the land tax by 7% of the basic tax rates on non-agricultural land in effect in 2021.

Specialization of budget indicators means the need to determine the sources of budget revenues and budget expenses according to goals. This principle is implemented at all stages of the budget process and is important because it defines the scope of activities of relevant bodies. In order to implement this principle, the budget classification is characterized by assigning coding to the classification objects - groups of incomes and expenses of budgets at all levels, as well as sources of financing the deficit of these budgets.

It should be noted that in recent years, a number of researches and practical works on the reform of the budget process are being carried out, in which a special concept of the reform of the budget process is envisaged and established. The reform consists of transition from "management of budget resources (costs)" to "management of results".

It is planned to increase the responsibility of budget managers in the effective organization of the budget process within the framework of specific medium-term criteria and to expand the independence of the participants. Within the framework of the concept of "results management", the budget is formed based on the goals and planned results of the state policy. Funds allocated from the budget are inconsistent with functions (services, activities). At the same time, in their planning, the main focus is on justifying the final results within the budget programs. It also sets clear rules for changing the size and composition of allocations for transitions to multi-year budget planning and increasing the forecast of the amount of resources managed by budget authorities.

In general, according to the legislative plan, reform of the budget process should be carried out in the following areas:

- reform of the country's budget classification and budget accounting;
- distribution of existing and accepted obligations of budgets;
- improvement of medium-term budget planning;
- expansion of programmatic methods of budget planning;
- improvement of the budget preparation and review procedure.

## **Conclusion**

Today, in the Republic of Uzbekistan, consideration of the issues of improving the activities of state bodies in the organization of the budget process, adapting and developing the regulatory legal documents to the requirements of the time contributes to ensuring the effective implementation of the budget process.

In this article, we describe the budget process of the Republic of Uzbekistan by the authorized state bodies, that is, the Oliy Majlis of the Republic of Uzbekistan, the Cabinet of Ministers of the Republic of Uzbekistan, special bodies, including the Ministry of Economy and Finance, the Customs Office of the Republic of Uzbekistan. We have learned that it occurs through the full performance of tasks related to the budget process and the Central Bank of the Republic of Uzbekistan. To organize an effective budget process, improving the budget legislation taking into account the problems arising in the budget system and their solutions, adapting the tasks of all authorized state bodies participating in the budget process to the requirements of the time, improving the effectiveness of the budget process in the activities of local authorities covering the budget process on a national scale. It is necessary to study the ways to eliminate the problematic issues that have a negative impact, and to consider the ways to increase the effectiveness of the tax mechanism in ensuring the stability of the local budget, because increasing the income of the local budget. In turn, we concluded that it is to have a source of covering the costs of local budgets.

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