

Research Article

Factors Affecting The Security Of The Budget System

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Abstract

The Article Examined The Security Of The Budget System From A Scientific And Theoretical Point Of View. Also, The Current State Of Security Indicators Of The Country's Budget System Was Analyzed, And The Negative Factors Affecting Them Were Identified. Finally, Proposals And Recommendations Aimed At Ensuring The Security Of Uzbekistan's Budget System Have Been Formed.

Keywords: Financial Security, Financial System, Budget System, Budget Revenues, Budget Expenditures, Surplus, Deficit.

Introduction

Ensuring The Security Of The Budget System Is An Essential Task Of Any State. Because The Security Of The Budget System Implies A Situation In Which The State's Wealth Is Ensured, The Balance Of Revenues And Expenditures Of The State And Local Budgets Is Achieved, And The Budget Is Allocated Efficiently.

Ensuring The Security Of The Budget System Is One Of The Necessary Factors In The Current Stage Of Developing The Republic Of Uzbekistan. Fiscal Security Is The Activity Of The State Aimed At Protecting National Values And National Interests By Maintaining Financial Stability, Characterized By Financial Stability, Sufficient Liquidity Of Assets, And The Availability Of The Required Money, Currency, Gold, And Other Resources.

Independent Fiscal And Economic Policies Are Pursued According To National Interests, Ensuring The Country's Economic Growth And Creating An Effective State Regulatory System That Contributes To The Country's Financial System And Related Economic Systems.

Therefore, It Is Essential To Form A System Of Indicators To Assess The Security Of The Budget System In Our Country, Prepare Scientifically Based Proposals On Their Normative Levels, And Develop Measures To Ensure The Financial Security Of The Budget System.

In Turn, Above Mentioned Factor Plays A Vital Role In The Timely And Complete Financing Measures To Ensure The Stability Of The State Budget Of The Republic Of Uzbekistan And Prevent A High-Pitched Increase In The Deficit.

Literature Review

Although Some Scientific Studies Have Been Conducted On Financial Security, There Are Conflicting, Controversial Approaches To Scientific-Theoretical Methods To The Nature Of Financial Security In These Studies.

In The Economic Dictionary, The Concept Of "Financial Security" Refers To The Stable, Reliable Operation Of The Country, The Region's Financial Systems, Financial Crisis, Disruption Of Financial Flows, Disruptions In The Provision Of Financial Resources To Leading Economic Players, Disruption Of Monetary Stability Is Interpreted As Creating Conditions. [6]

J. Stiglitz (Joseph Stiglitz) Proposes To Consider Financial Security Within The Framework Of A System Of Strict State Regulation, I.E., Through The Establishment Of A Particular Institutional Environment - The Financial Product Security Commission And The Administrative Body For Financial Market Stability. [2]

According To Russian Academician V.I. Senchagov, Financial Security Is The Development Of The Financial System And Financial Relations, Processes In The Economy In A Way As To Maintain The Socio-Economic And

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Financial Stability Of The Country, The Integrity, And Unity Of The Financial System (Including Money, Budget, Credit, Tax And Currency Systems), Create The Necessary Financial Conditions For The Successful Elimination Of Internal And External Threats In The Financial Sector. [4]

Hence, Financial Security Is A Complex Category, The Components Of Which May Be The Subject Of Specific Research. This Includes, First Of All, The Financial Security Of The Budget System.

According To I.V. Doljikova, Budget Security Is Essential As A Strategic Direction In Ensuring The Country's Financial Security And The Region. [3]

In Our Opinion, The Current And Long-Term Stability Of The Budget Plays An Essential Role In Ensuring The Financial Security Of Economic Entities In The Country And Monitoring Potential Internal Threats In The Country And The Region.

Ensuring Budget Security Depends On Measures To Counteract The External Financial And Economic Threats To The Stability Of The National Financial, Budgetary System And Increase The Effectiveness Of Legal Regulation Of The Budget Structure And Budget Process. In Addition, The Budget Policy Is Also Applied In Health, Maternity And Childhood Support, Innovative Entrepreneurship, Science, Transport In Ensuring Budget Security With Compensatory Measures.

According To L.Ya. Abramchik [5], A Belarusian Researcher Dealing With Financial Law Issues, The Budget Deficit Plays An Essential Role In Ensuring Budget Security. Almost All Countries Face Some Degree Of Budget Deficit. The Degree Of The Budget Deficit Can Vary And Is Determined By: The Need To Spend Large Sums On Economic Development; Emergencies (War, Natural Disaster); Various Processes In The Economy. However, The Budget Deficit Is An Undesirable Event; It Does Not Have To Fall Into The Category Of Emergencies In Current Conditions.

In Our Opinion, In Terms Of Budget Security And The Stability Of The Public Financial System, The Level Of The Budget Deficit Is An Important Parameter, Which Reflects The Effectiveness Of Domestic And Foreign Budget Policy And Budget Planning.

According To Russian Economist E.V. Karanina [7], The Concept Of Budget Security Should Be Understood As The State Of The State's Ability To Pay, Taking Into Account The Balance Of Revenues And Expenditures Of The State Budget And Local Budgets, As Well As The Efficiency Of The Use Of Budget Funds.

In General, The Security Of The Budget System Is Determined By The Size Of The Budget, The Degree Of Redistribution Of Gdp Through The Budget, The Size, Nature, And Extent Of The Budget Deficit, Methods Of Its Financing, The Scale Of Budget Formation, The Nature Of Budget Execution And Timeliness Of Adoption.

Results And Analysis

It Is Known That Financial Security Is One Of The Main Pillars Of Ensuring The Economic Security Of The Country In The Medium And Long-Term Strategic Vector, Combined With The Prospects Of Development. One Of The Crucial Components Of Financial Security Considered Budget Security. A Characteristic Feature Of Fiscal Security Was Characterized By The Fact That The Budget System Combined Essential Tools Of The State In Regulating The Economy In A Market Economy.

In General, Focusing On The Structural Paradigm Of The Concept Of "Security," Figure 1 Showed That Budget Security Was A Leading Component At The Functional Level Of Financial Security.

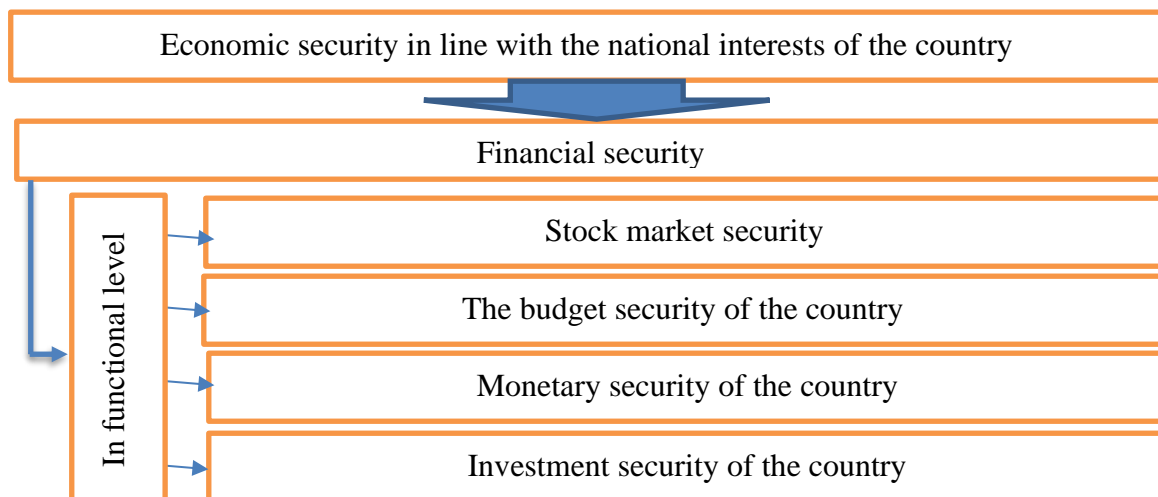


Figure 1. Components Of The Country's Economic Security.

As Could Be Seen From Figure 1, The Main Components Of Financial Security Depended On The "Fiscal" Or "Monetary" Protection Systems Created For The "Technical Default" Situations That Might Be Expected On The Leading Elements Of The Financial System.

Based On This Security System Paradigm, It Was Possible To Assess The Importance Of Ensuring Budget Security In Ensuring Financial Security Based On The Leading Role Of Public Finance In The Country's Financial System.

Symptoms Of A "Technical Default" That Might Be Expected To Ensure Budget Security Were As Follows:

1. Decreased Solvency Of The Budget System As A Result Of Possible Losses Of The Revenue Base Of The Country's Budget System Due To Systemic Risks In The Economy And, Consequently, The Escalation Of The Cyclical Budget Deficit.

2. Exacerbating Structural Budget Deficits Due To Increased Budget Expenditures Due To Expected Risks On The Social Platform.

3. Possible Expectations Of Risks Associated With Incomplete Financing Of Social Standards And Its Transformation Into Equilibrium In The National Economy.

4. Probability Of Loss Of Current Liquidity Of Budgets Of The Budget System As A Result Of Optimal Distribution Of Revenue Powers And Expenditure Obligations Between Budgets Of Different Levels.

5. The High-Level Meeting Between The Budgets Of The Budget System In The Context Of Financial Flows Increases Transaction Costs And, Consequently, Reduces The Efficiency Of Budget Funds.

6. Increased Risk Of "Debt Trap" For Public Finances Due To The Escalation Of The Debt Financing System Of The Budget Deficit.

7. The Impact On The Increase Of Money Supply Due To The Increase In Budget Expenditures Based On Active Social Policy And The Strengthening Of The Inflationary Impulse.

8. According To The Economic Classification, The Budget System Spent Budget Expenditures In The Phase Of A Cyclical Downturn In The Economy At The Expense Of The "Expenditure Sequestration" Policy, Which Could Be Seen In The Lack Of Optimal Financing Of Social Standards And Increased Credit Risk Of Budget Institutions.

Based On These Symptoms, Strategic And Tactical Directions Of Ensuring The Country's Budget Security Would Be Identified.

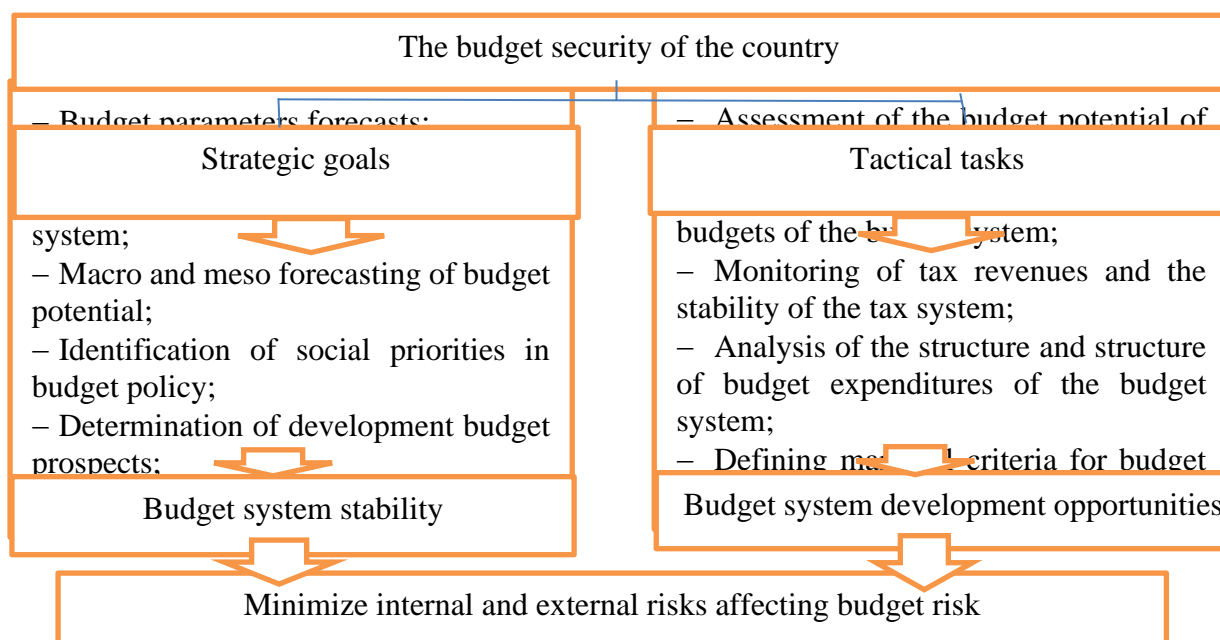


Figure 2. Strategic Goals And Tactical Objectives Of Budget Security.

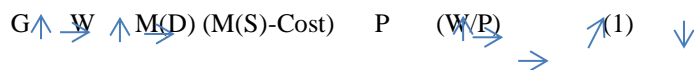
Figure 2 Showed That The Country's Budget Security Consisted Of A Set Of Goals And Objectives, The Arsenal Of Strategic Goals For The Near And Long Term Was Mainly Based On The Formation Of Forecast Indicators, Programs Of Public Finance Instruments Were Obtained In Regulating The Country's Economy, Strategic Contours Of Future Socio-Economic Development. In Addition, The Debt Policy Aimed At Financing Government Programs And Implementing Large, Strategic Projects Is The Basis For Setting Strategic Goals Intended To Ensure Budget Security.

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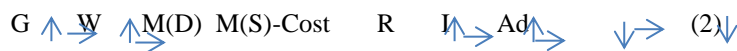
Effective Implementation Of These Strategic Goals Of Budget Security Depended On The Existing Potential Of The Budgets Of The Budget System, The Current State Of Their Stability To Ensure The Effective Implementation Of Complex Tasks To Determine The Marginal Criteria Of Budget Security.

Suppose The Strategic Goals Of Budget Security Set Out The Prospects For Ensuring The Sustainability Of The Future Budget System. In That Case, It Would Be Possible To Assess The Opportunities For Developing The Budget System Through Tactical Tasks. As A Result, It Would Be Possible To Systematize The Possibilities Of Identifying Internal And External Risks Affecting The Security Of The Budget System And Developing Measures Aimed At Minimizing Them.

Theoretically, One Of The First Symptoms Associated With Budget Security Was A Deficit During The Cyclical Development Phase, And Measures To Prevent The Deficit Affect Macroeconomic Stability Ratios. This Could Be Seen In The Impact Of Deficit Financing Instruments On Inflation, Savings, And Investment. For Example, An Increase In Wages (W) In Exchange For An Increase In Government Spending (G), A Particular Case For The Budget Deficit, Served As A Factor In Hidden Inflation. This Was Because An Increase In Wages Affects The Increase In Demand For Money (M (D)):



In The Case Of Unchanged Money Supply (M (S) -Cost), An Increase In The Demand For Money Was Naturally Accompanied By Inflation And An Increase In Prices. Alternatively, If We Look At The Impact Of This Scenario On Other Indicators, An Increase In Wages (W) In Exchange For An Increase In Government Spending (G) Served As A Factor In Latent Inflation. This Situation Affected The Increase In Transactional Demand For Money. As A Result, An Increase In Prices Led To A Decrease In The Purchasing Power (W / P) Of Real Wages, Which Could Be Observed In The First Case.



If The Money Supply Remained Unchanged, This Equilibrium In The Money Market Would Affect The Observation Of The Squeezing Effect For Investments In The Economy In Exchange For An Increase In Interest Rates (R) (I). In This Case, Changes In Macroeconomic Ratios In Return For Increased Government Spending Would Ultimately Lead To A Decline In Aggregate Demand. A Decrease In Aggregate Demand In The Next Cycle Would Increase The Risk Of The Budget, Which Is Manifested By A Decrease In Tax Revenues In Exchange For A Shrinking Tax Base. This Meant That The Interdependence Of The Budget System, The National Economy, And The Positive Aspects Of The Stabilization Policy Through Budget Instruments For The National Economy Were The Interacting Factors In The So-Called "Domino Effect".

According To The Bruno-Fisher Model Of Budget Deficit Financing, The Economy Is Unbalanced When The Growth Rate Of The Budget Deficit Was Higher Than The Growth Rate Of The Economy. Nevertheless, Conversely, They Had Proven That If The Growth Rate Of The Budget Deficit Is Lower Than Economic Growth, Inflation Will Be Curbed In The First Place.

Thus, In Theory, Systemic Processes Affecting Public Spending On Wages, Money Supply, Money Supply, Inflation, Investment Can Be Somewhat Pragmatic For Uzbekistan Or Other Countries In Transition Under The Influence Of Various Other Factors Affecting Macroeconomic Stability. However, The Experience Of Historical Development Confirmed That The Inflationary Risk Of The Budget Deficit Was Characterized By A Strong Impact Of Budget Expenditures On Inflationary Impulses Following Public Policy To Increase Incomes Through Wages. Therefore, The Interacting Factors In The Arsenal Of Macroprudential Indicators In Ensuring Budget Security Were Considered Essential In The Sustainable Development Of The Fundamental And Financial Sectors.

The Financial Security Of The Budget Depended Mainly On The Balance Of Revenues And Expenditures Of The State Budget And Local Budgets, The Size, And The Nature Of The Budget Deficit.

Table 1

The Structure Of Revenues Of The State Budget Of The Republic Of Uzbekistan, In Percent

The Share Of Budget Revenues	Years				
	2017	2018	2019	2020	2021 (Predict)

The Share Of Taxable Income In Total Income	92,5	89,9	83,3	82,4	88,7
The Share Of Tax-Free Income In Total Income	7,5	10,1	16,7	17,6	11,3
State Budget Revenues - Total	100,0	100,0	100,0	100,0	100,0

According To The Data In Table 1, In The Structure Of Total State Budget Revenues In 2017-2021, There Was An Increase In Non-Tax Revenues. Hence, The Growth Of Non-Tax Revenues Had Been A Critical Factor In Ensuring A High Growth Rate Of Revenues To The Budget. In Particular, The Share Of Non-Tax Revenues In Total Budget Revenues In 2019 Increased Significantly Compared To 2018. This Was Explained By The Fact That In 2019 The Government Of Uzbekistan Would Issue Eurobonds.

A Sharp Decline Mainly Followed Trends In The Composition Of Tax Revenues In Indirect Tax Revenues. In Particular, The Stratification Of The Vat Rate (15%, 20% For Some Categories) Had Created Opportunities To Neutralize The Impact Of The Budget System On The Inflationary Momentum And Reduced The Burden Of Consumption Taxes. Nevertheless, The High Share Of Consumer Taxes In The Revenues Of The Budget System Of The Republic Of Uzbekistan Showed That At The Macro Level, Consumer Spending Was A Significant Share In The Budget Of Personal Income.

The Main Directions Of Tax Policy In 2021 Included Vat (15%), Income Tax, Personal Income Tax (12%), Property Tax For Legal Entities (2%), Land Tax For Agricultural Land (0.95%), Social Tax (Business Entities - 12% And Budget Organizations - 25%), Turnover Tax (Base Rate 4%) Rates Were Maintained.

According To The Decree Of The President Of The Republic Of Uzbekistan No. Pd-5978 Of April 3, 2020, The Turnover Of Sales Of Goods (Services) From April 1 To December 31, 2020, Did Not Exceed 1 Billion Soums Per Month. Vat Payers Using Electronic Invoices Had The Right To Calculate And Pay Every Quarter. Therefore, The Turnover Of These Goods (Services) For Taxpayers, Which Did Not Exceed 1 Billion Soums Per Month, Had Been Maintained For A Quarter Of The Tax Period [3].

Excise Taxes On Jewelry, Carpets, Silver Kitchen Utensils, Plastic Films, Scotch Tape, Plastic Utensils, Electrical And Other Products, Tractors And Semi-Trailers, Food Products Were Abolished. This Would Ensure A Level Playing Field For Businesses And Increase The Competitiveness Of Uzbek Products.

Different Rates Of Excise Tax On Imports And Production Were Maintained Only For Alcohol Products, Tobacco Products. However, Considering The Need To Re-Equip Local Alcohol And Tobacco Factories And Develop Measures To Prevent A Sharp Increase In Excise Taxes On Manufactured Goods, It Is Planned To Equalize Excise Tax Rates On Tobacco And Alcohol Products Gradually Account For The Introduction Of Modern Marking Systems.

Amendments Were Made To Provide Land Tax Exemptions On Lands Where Drip Irrigation Was Used And Land Plots Where Other Types Of Water-Saving Technologies (Discrete Sprinkler) Were Introduced.

Considering The Indexation Of The Base Rate Of Land Tax For Non-Agricultural Lands By 15%, The Absolute Size Was Determined By The Republic's Territory. At The Same Time, The Exact Amount Of The Tax Rate Was Determined By Local Public Authorities Based On The Rates Established By The Tax Code, Using A Reduction And Increase Coefficient Depending On Their Prestigious District And Economic Development.

The Tax Rate For The Use Of Water Resources Was Determined By The Category Of Taxpayers And The Volume Of Water Used For The Specified Purposes. These Measures Were Aimed At Ensuring The Rational And Efficient Use Of Water Resources. However, To Calculate The Tax, It Was Envisaged That Taxpayers Would Keep Separate Records Of The Volume Of Water Resources Used For Different Purposes. In This Connection, Amendments Were Made To Articles 444 And 445. In Order To Gradually Equalize These Taxes To The Single Tax Rate Set For Industrial Enterprises, Tax Rates Were Indexed At 15 Percent For Individual Sectors Of The Economy - At 30 Percent. Tax Rates For The Use Of Water Resources Were Maintained At The Level Of 2020 For Utilities. In Addition, A Single Tax Rate Of 40 Soums Per Cubic Meter Was Set For The Irrigated Part Of Agricultural Lands And Fish Farming, Including The Volume Of Water Used For Farms.

In General, Based On The Trend Of Some Changes In Tax Policy In 2021, It Can Be Concluded That Reducing The Tax Burden In A Pandemic, Creating A Financial Incentive To Improve The Business Environment In The Economy Was An Essential Direction In Tax Reform. At The Same Time, The Optimization Of Resource Taxes Was Aimed At Ensuring The Rational Use Of Available Natural Resources.

Due To The Recovery Of Economic Activity And Economic Growth, As Well As Changes In Tax Policy, Growth In All Types Of Income Would Be Projected In 2021 (Table 2).

Table 2

Dynamics Of Changes In The Structure Of State Budget Revenues

Structure	Years			
	2020 (In Practice)		2021 (Predict)	
	Milliard Soums	%	Milliard Soums	%
Jami	132 938,1	100	147 202,3	100
Income Tax	28712,2	21,6	27779,4	18,9
Turnover Tax	1353,9	1,0	2160	1,5
Tax On Individuals	15140,8	11,4	16905,8	11,5
Value-Added Tax	31177,4	23,5	46955,4	31,9
Excise Tax	11697,3	8,8	11820,1	8,0
Customs Duty	3553,7	2,7	3751,2	2,5
Property Tax	1974,3	1,5	2510,3	1,7
Land Tax	2386,7	1,8	2941	2,0
Subsoil Use Tax	16417,1	12,3	13588,2	9,2
Tax For The Use Of Water Resources	478,8	0,4	387,3	0,3
Others	20045,9	15,1	18403,6	12,5

As A Result, Following The Concept Developed For The Reform Of The Tax System, There Was A Tendency To Increase The Share Of Non-Tax Revenues In The Structure Of State Budget Revenues In Recent Years.

As Could Be Seen From Table 2, The Total State Budget Revenues In 2020 Would Amount To 132938.1 Billion Soums. The Forecast For 2021 Would Be 147202.3 Billion Soums. Thus, The Annual Growth Rate Of State Budget Revenues Would Be 110.7%. In Particular, The Value-Added Tax Revenues In 2020 Would Amount To 31177.4 Billion Soums. By 2021, This Figure Would Reach 46,955.4 Billion Soums. This Meant That The Annual Growth Rate Of Vat Revenues Was 150.6%, With A High Growth Rate Of Total Budget Revenues, And The Share Of Consumption Taxes In Budget Revenues Was Increasing.

According To Table 2, Tax Revenues For Subsoil Used In 2020 Amounted To 16417.1 Billion Soums (12.3% Of The Total), While According To The Forecast For 2021, These Tax Revenues Would Decrease By 17.2% Compared To 2020. This Decrease Was Explained By Reducing Rates For Gold And Silver From 20% To 15%. Also, In 2021, Due To The Continuation Of Quarantine Restrictions, The Turnover Of Small Businesses Is Declining, And The Highest Increase In Turnover Tax (159.5%) Is Expected, Which Significantly Reduced Revenues To The State Budget.

Table 2 Showed That Consumption Taxes Had A High Share In The Structure Of Budget Revenues, Which Could Be Explained By The High Share Of Consumer Funds Concerning The Savings Rate In The Country. Therefore, An Increase In The Tax Burden On These Taxes Might Increase The Risk Of Slowing Economic Growth In The Current Situation Through Budgetary Instruments Through A Qualitative Impact On Consumer Spending. However, In The Structure Of The State Budget Expenditures, Social Spending Showed A Leading Position.

Table 3**Structure Of Expenditures Of The State Budget Of The Republic Of Uzbekistan, In Percent**

The Share Of Budget Expenditures	Years				
	2017	2018	2019	2020	2021 (Predict)
The Share Of Social Sector And Social Support Expenditures	54,1	48,9	50,3	50,4	52,1
The Weight Of Economic Costs	10,7	9,6	15,7	14,7	8,3
The Share Of Centralized Investment Financing Costs	6,6	6,8	5,9	5,1	10,4
The Share Of Expenditures On The Maintenance Of Public Authorities, Administrations, Courts, And Citizens' Self-Government Bodies	4,9	4,9	5,9	4,9	2,9
Weight Of Other Expenses	23,7	29,8	22,2	24,9	26,3
Budget Expenditures - Total	100,0	100,0	100,0	100,0	100,0

According To Table 3, The Share Of Social Sphere And Social Support Expenditures In The State Budget Of The Republic Of Uzbekistan Was High; Their Share In The Forecast For 2021 Would Be Up To 52.1%. In The Budget Expenditures In The Social Sphere, The Expenditures Of Groups 1 And 2 Of The Economic Classification Had A High Share And Are Proliferating. This Situation Is Observed As A Result Of Public Policy To Increase Wages In Budgetary Organizations, And The Sharp Increase In Wages In Recent Years Might Serve As A Factor Influencing The Growth Of "Hidden Inflation" In The National Economy.

In General, The Ratio Of Expenditures To The Social And Economic Spheres In The Structural Dynamics Of State Budget Expenditures Also Explained The Socio-Economic Significance Of Redistribution Of National Income Through The Budget. The High Share Of Budget Expenditures In The Social Sphere Meant Redistributing National Income To The Social Spheres Through The Budget Channel. A. According To Wagner's Law, The Growth Rate Of Public Spending Was Higher Than The Gdp Growth Rate, Which Most Economists Saw As A Particular Case Of The "Fiscal Illusion."

Budget Expenditures Depend On Its Revenue Base, And As The Economy Enters A Cyclical Growth Phase, The Growth Rate Of Revenues Will Be Higher Than Expenditures.

If We Look At This Process In The Reforms Of The Public Finance System Of The Republic Of Uzbekistan, We Can See The Following Picture.

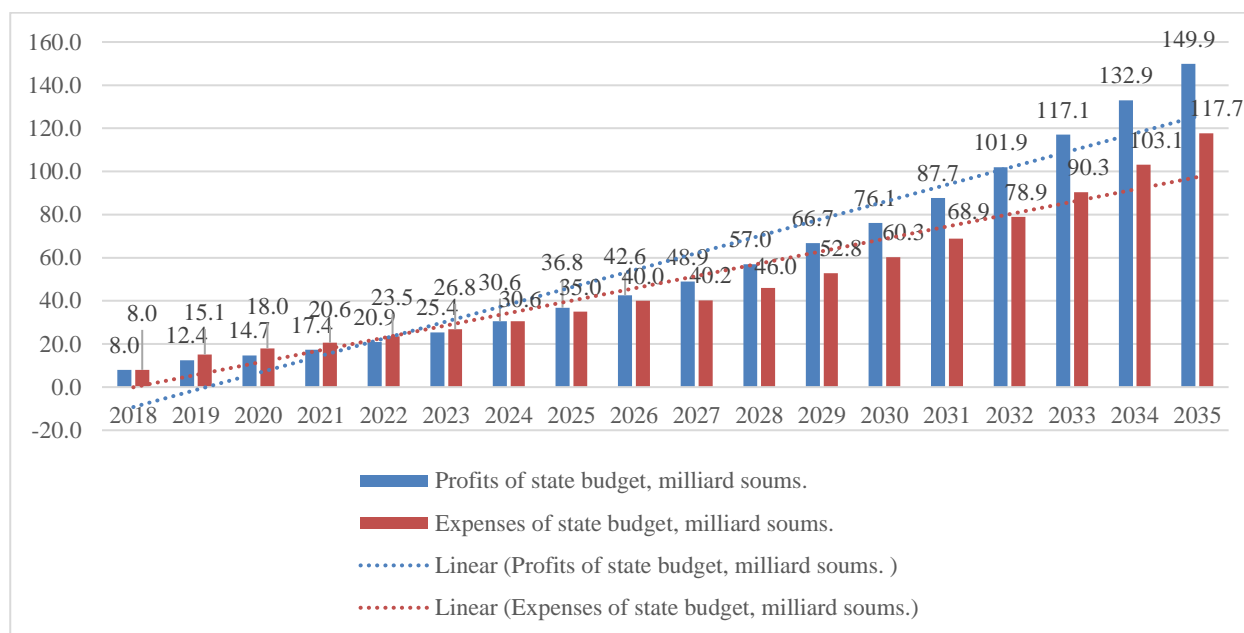


Figure 4. Execution Of State Budget Revenues And Expenditures For 2018-2020 And Forecast Indicators For 2035

As Can Be Seen From The Data In Figure 4, A High Growth Rate Of State Budget Revenues Relative To Expenditures Is Projected. This Is Due To The Increase In Budget Revenues From 2021 Through Expanding The Tax Base Due To The Economy's Recovery. As A Result, We Can Observe That The State Budget Will Ensure Deficit Execution From 2025.

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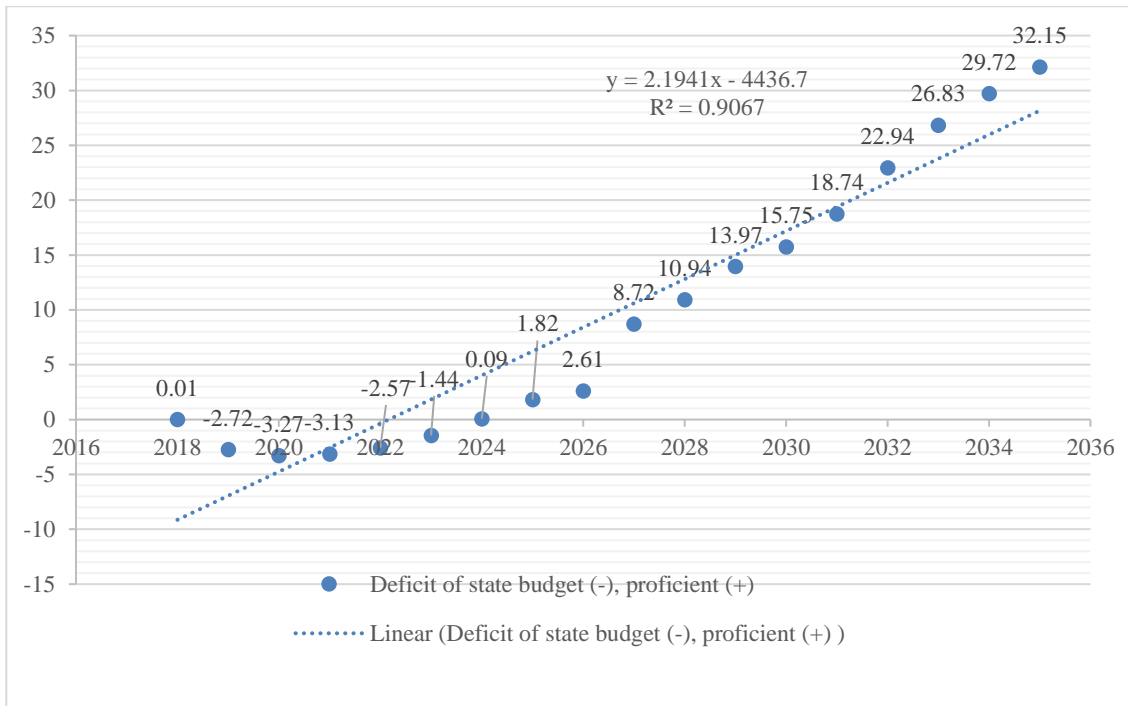


Figure 5. Information On The State Budget Deficit (-), Surplus (+) (Forecast Indicators For 2021-2035) In The Republic Of Uzbekistan, Billion In Us Dollars

As Shown In Figure 5, From 2024, There Is A Steady Increase In The Trend Line Of The Nominal Amount Of Budget Surplus. This Situation Creates Opportunities For The Prevention Of Technical Defaults Related To Public Debt By Forming Public Debt Reserves And The Ability To Service Debt. The High Growth Of The Surplus In This Situation Relative To The Gdp Forecast Is One Of The Results Of Reforms Aimed At Reducing The Economy's Informal Sector, Reducing The Shadow Economy, Rather Than Increasing The Tax Burden.

Conclusion

In Order To Ensure The Security Of The Budget System, It Was Advisable To Use The Following Methods Used In International Practice:

1. Systematized Processes Affecting Public Spending On Wages, Money Supply, Inflation, And Investment Might Be Somewhat Pragmatic For Uzbekistan Or Other Countries In Transition Under Various Other Factors Affecting Macroeconomic Stability. However, The Experience Of Historical Development Confirmed That The Inflationary Risk Of The Budget Deficit Was Characterized By A Strong Impact Of Budget Expenditures On Inflationary Impulses Under A Public Policy To Increase Incomes Through Wages.

2. Based On The Specifics Of The Economic Development Of The Republic Of Uzbekistan And The Budget System, It Was Expedient To Develop A System Of Indicators To Assess The Financial Security Of The Budget And Determined Its Normative Levels.

For Example, In Most Countries That Joined The Eurozone, There Was A Normative Limit On The State Budget Deficit, Set At 3% Of Gdp. Therefore, The Development Of A System Of Indicators For Assessing The Financial Security Of The Budget, In Turn, Played A Vital Role In The Development Of Measures To Ensure The Financial Security Of The Budget In Our Country.

3. Strengthening The Revenue Base Of Local Budgets.

Economists Made The Following Proposals To Strengthen The Revenue Base Of Local Budgets:

- * It Was Necessary To Clearly Define The Budgetary Powers Of Local State Authorities (Cities And Districts) On Local Taxes (Including The Establishment Of Legal Limit Increases On The Receipt Of Local Taxes In Strict Districts.).

- * It Was Necessary To Accelerate Investment Activities In The Real Sector To Ensure High Value-Added Products (This Is The Basis For Expanding The Tax Base For Value-Added Tax).

- * It Was Expedient To Reduce The Structure Of Expenses Re-Added To The Taxable Base On Income Tax And Deduct Voluntary Sponsorship Payments For Large Enterprises From The Entire Income Tax Base.

It Was Also Advisable To Review And Improve Investment Discounts Radically.

* Given The High Value Of Fixed Assets In Sizeable Real Sector Enterprises In The Regions, The Tax Burden Increases With Increased Property Tax Rates. Therefore, It Was Expedient To Differentiate Property Tax Rates Based On Fixed Assets Used In Production (Commercial) And Not Used In These Enterprises. This Would Encourage Investment In Fixed Assets Used In Production.

* It Was Necessary To Accelerate Small Business And Private Entrepreneurship Activities To Strengthen Local Budgets' Revenue Base. In Addition, It Was Necessary To Introduce Regressive Rates Of The Single Social Payment For Each Job Created By Small Businesses And Apply Term Benefits From Insurance Premiums.

4. It Was Necessary To Prevent An Increase In Tax Arrears By Improving The Practice Of Tax Collection.

Conflict Of Interests And Contribution Of Authors

The Authors Declare The Absence Of Apparent And Potential Conflicts Of Interest Related To The Publication Of This Article And Report On Each Author's Contribution.

Source Of Financing

No Funding Was Required For This Research.

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