

**Current Aspects of the Reform Institutional and Legal Framework
Generation of income from locals Current budget Reforms carried out in
Uzbekistan**

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Abstract

This publication shows the relevant aspects of reforming the organizational and legal foundations of the formation of revenues of local budgets at the present stage of reforms being implemented in Uzbekistan.

Keywords: *revenues of local budgets, organization of formation of revenues of local budgets, legal basis for the formation of revenues of local budgets.*

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At this stage of the reform of the fiscal system of Uzbekistan, serious changes are taking place in the system of formation of local revenues. This is confirmed by changes in the organizational and legal framework for the formation of local budget revenues in the Republic of Uzbekistan.

Tax law plays an important role in the formation of local budget revenues, which determine the level of national taxation. Until 2021, a two-tier tax system operated in Uzbekistan. Tax law plays an important role in the formation of local budget revenues, which determine the level of national taxation. Until 2021, a two-tier tax system operated in Uzbekistan.

In the first Tax Code: (1997) all taxes and fees were divided into national and local taxes and fees; established that local taxes and fees are credited to the local budget; national taxes are distributed between the levels of budgets in accordance with the norms established annually by the legislation; the right of local government bodies of the regions and the city of Tashkent to introduce local taxes and fees established by the Tax Code on their territory is prescribed.

In the second tax code (2007), only the division of taxes into national and local taxes and other obligatory payments remained. The number of local taxes from 2007 to 2019 has been reduced from (property tax, land tax, tax on improvement and development of social infrastructure and tax on the consumption of gasoline, diesel fuel and gas for vehicles) to 2 (property tax, land tax).

In 2021, changes are taking place in the Tax legislation, in the new edition of the Tax Code of the Republic of Uzbekistan, introduced in Article 17 “Types of taxes and fees”, only a list of taxes established on the territory of the Republic of Uzbekistan is given without division into national and local taxes and fees, which indicates on the transition from a two-tier tax system to a one-tier centralized tax system.

Along with this, the principle of the unity of the tax system is concretized by the provision that the country is not allowed to establish taxes that violate the single economic space.

The Budget Code of the Republic of Uzbekistan defines the general principles and legal framework for the functioning of all levels of budgets in the country's budget system. It defines the competencies of each level of government in terms of budgetary powers, establishes the income of all levels of budgets in the country's budgetary system, interbudgetary relations and the procedure for interbudgetary equalization. The important principles of building the budget system, which determine the procedure for the formation of local budget revenues, are:

- Budgetary system, budgetary balance and principles of communication. Accordingly, revenues and expenditures must be balanced, and budgets can be redistributed between them to ensure balance in the preparation and execution of the budget.
- According to this principle, revenues will be distributed to the budget of the budget system, including the local budget of the region, and the city of Tashkent will be established.
- The deficit of local budgets at this level of the budget system is unacceptable, restrictions on their actions are introduced, it is prohibited: Excess of costs; guarantee and issuance of a guarantee. Loans and credits to legal entities and individuals. Financing of local budgets is carried out within the framework of vertical relations between states at the stage of drawing up and executing the local budget in the form of a transfer established by the budget code.
- The principle of budgetary independence of the budgetary system The content of this principle is not explained in the Law on the Budget of the Republic of Uzbekistan. From a theoretical point of view, this principle determines the right of public authorities and local

governments to independently carry out budget procedures, have their own sources of income, independently determine the method and direction of using funds from the budget, increase. Prevents the withdrawal of additional revenues from the effective implementation of the budget. The current legal analysis shows that there is no sufficient legal basis for the implementation of this principle at the local level.

- The lack of financial independence of local governments is associated with the lack of sources of income for local governments. In the new version of the tax legislation of the Republic of Uzbekistan, taxes and fees are not divided into local and national taxes. The formation of revenues and the assignment of their types to local budgets at all levels is centralized: the formation of local budget revenues in accordance with the Budget Code is provided by taxes established in the country in accordance with the standards and rates established by the Law of the Republic of Uzbekistan "On the state budget of the Republic of Uzbekistan for 2021".

Local governments have only partial power. Set the rates of local taxes and other obligatory payments within the limits provided by the law-Kengashi on behalf of local, district and city residents.

2) introduction of decreasing and increasing coefficients (taking into account the peculiarities of the regions and the place of activity) to the rates for certain taxes, which are established by the legislation - Khokims in their territory;

- restrictions applied to local budgets;
- delegation by the center of spending authority for execution by local budgets.

At the same time, one of the priorities of the administrative reform at this stage is the implementation of complementarity (the distribution of powers and responsibilities between levels of government) through decentralization and the gradual weakening of national regulation in the economy. In this context, the principle of independence of the budget from budgetary regulation is especially relevant, since it leads to a policy of decentralization and dismantling of state regulation.

According to the Law on the Budget of the Republic of Uzbekistan, the formation of local budget revenues, their sources and types are determined only for the region and the local budget of the city of Tashkent and can be reduced to three groups: taxes and fees, non-tax revenues, money transfers.

1. Taxes and fees include: national taxes transferred to local budgets on a permanent and temporary basis in accordance with the norms established annually; local taxes, and other obligatory payments.

The tax revenues of Article 52 given in the Budget Code as of February 2021 have not been edited to take into account changes in the tax system due to the introduction of a new version of the Tax Code from January 2020, where there is no division of taxes and fees into national and local. In this regard, we note that this group includes taxes established by the Tax Code on the territory of the Republic of Uzbekistan³ and distributed between the sublevels of local budgets in accordance with the Law of Ukraine "On the State Budget of the Republic of Uzbekistan for 2020".

2. Tax-free income includes: Free cash income from lawyers and individuals, as well as

foreigners. Market income and other income.

3. Resettlement: subsidies, remittance income support, target communities Transfer from the republican budget of the Republic of Uzbekistan to the local budget of the first sub-level.

The types of income of the last two sources from 2021 are introduced by the law "On the State Budget of the Republic of Uzbekistan for 2021".

Since 2021, the distribution of revenues between budget levels is carried out centrally within the framework of the law "On the State Budget of the Republic of Uzbekistan for 2021". The legal grounds for regulating local budget revenues are prescribed by the Budget Code of the Republic of Uzbekistan (Article 52), the President of the Republic of Uzbekistan, the Chairman of the Council of Ministers of the Republic of Karakalpakstan, the Khokims of the regions and the city of Tashkent also have the right to make such decisions.

Thus, the reforms carried out in the country after 2021 will fundamentally change the budget process and the basis for the formation of local budget revenues, but should be aligned with decentralization priorities, including tax rights.

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