IMPROVING THE MECHANISM FOR DETERMINING ADDITIONAL RESERVES OF THE STATE BUDGET

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ABSTRACT
In this paper the necessity, methods of revealing additional reserves of state budget revenues and proposals on improving this system in the republic were given.
KEYWORDS. State budget, additional reserves, taxes, economic entity

INTRODUCTION
Since currently insufficient improvement (it should be noted that this is typical for developing countries) of tax administration in the formation of the budget revenue base requires all relevant authorities to determine an additional tax base, in this article we will talk only about the organization, ways to determine the fifth type of additional income and practical suggestions for improving this system.

Naturally, every economic entity tries to pay as little tax as possible. If the taxpayer realizes that the actual amounts of taxable items are unlikely to be disclosed, or finds any way to conceal them, then he will deliberately try to conceal the tax base. This situation is common not only in developing countries, but also in developed countries.

Today, many socio-economic state programs are being implemented in the country, and these measures require additional funding from the state budget. This, in turn, indicates that the identification of additional reserves of state budget revenues is one of the most pressing issues.

At a meeting chaired by the President of the Republic of Uzbekistan Shavkat Mirziyoyev on 22 February this year, the illegal payment of taxes was also discussed on the basis of some examples. Analyzing the movement of goods sold by major manufacturers, importers and wholesalers, it was noted that it is necessary to expand the scope of cashless settlements, for which it is necessary to speed up the introduction of electronic invoicing.1

In addition, equal compliance with tax and customs legislation does not cause dissatisfaction among taxpayers. At the same time, if all economic entities that are obliged to pay taxes pay tax in full, the amount of funds collected in the state budget makes it possible to reduce tax rates. In addition, the proliferation of tax evasion methods among taxpayers, the desire to use them all equally, has a significant impact on the competitive environment, making it difficult for taxpayers seeking full compliance with tax legislation to withstand competition in the market.

So has this issue been completely resolved anywhere in the world, or what does the scientific literature say about it?

First of all, let’s say that there is no country in the world that has absolutely no tax evasion problem. For example, in South Korea and Turkey, the State Tax Service has introduced “smart” computer programs that automatically calculate the expenses of citizens, and when this citizen submits a declaration, it is possible to analyze. However, these countries also face specific tax evasion problems.

If we turn to the scientific literature, scientists such as M. Allingham, G. Becker, W. Vickrey, G. Vot Jr., Groves, D.J., Clarke, E. Lindahl, M. Olson A.K. Bekryasheva, I. Belozerova, E.V. Glazova, N. Golovanova, Yu.V. Latova studied this area. Due to the purpose of our article, we will not dwell on these in detail.

Additional revenues to the state budget are funds received by the budget as a result of various factors that are not taken into account in the basic budget forecast. We can divide the additional revenues of the state budget into the following groups:

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1. Revenues not included in the forecast or partially included in the forecast as a result of changes in tax, customs and budget legislation (for example, from 2019, enterprises that pay a single tax began to pay taxes on the use of water resources and are included in the forecast in minimal amounts);

2. Economic recovery of existing enterprises, budget revenues arising from the launch of new production entities;

3. Receipts to the budget of debts to the budget that were not received regularly;

4. In forecasting revenues to the budget for important products (gold, natural gas, cement, copper, ...), in order to minimize the possible risks, additional revenues resulting from the actual indicators of the budget execution process with “carefully” obtained indicators;

5. Additional revenues determined using analyzes or defined forms of financial (tax) control (accounting, in-house control, ...).

**LEGAL BASIS FOR DETERMINING ADDITIONAL REVENUES**

According to Article 30 of the Budget Code, territorial financial institutions shall determine additional reserves to increase revenues to it during the execution of the relevant budget.

By the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated June 29, 2017 No. 445 "On measures to organize work to identify reserves for expanding the revenue base of local budgets", actions and directions for the implementation of measures to ensure the unconditional fulfillment of the revenue parameters of the State budget of the Republic of Uzbekistan by employees of financial departments of districts (cities) and expanding the revenue base of local budgets.

In addition, the Decree of the President of the Republic of Uzbekistan dated July 18, 2017, UP-5116 "On measures to radically improve tax administration, increase tax collection and other mandatory payments" establishes principles and directions for practical actions to determine additional budget revenues.

**In practice,** it is known that the state tax authorities, financial institutions do not have a systematic approach to generating additional revenues to the state budget. However, at the end of the 1st quarter of 2019, 1,253 billion soms were left at the disposal of local budgets, mainly due to unforeseen revenues from taxes from large enterprises. In many districts and cities, however, the growth rate has slowed compared to the corresponding period last year at the collection of property taxes or other local taxes.

This is due not only to the unsatisfactory performance of these agencies, but also to the lack of sufficient methodological guidelines and limited technical capacity of tax and financial agencies to identify and collect additional income, although the legislation sets out the main directions, principles and powers of agencies.

For example: According to the Regulation approved by the Resolution of the Cabinet of Ministers No. 445 of June 29, 2017, the procedure for determining the additional income on property tax of individuals is as follows:

12. Employees of the State Tax Service and the Department of Finance visit at least 25 facilities in one working day in order to monitor the payment of property and land taxes levied on individuals.

13. In case of detection of objects and land plots of individuals not registered in the district bodies of the State Committee for Land Resources, Geodesy, Cartography and State Cadastre of the Republic of Uzbekistan (hereinafter referred to as the State Committee for Geodesy and Cadastre), district (city) state tax inspections provides information to the authorities.

14. When individuals have debts on property tax and land tax from individuals, a list of debtors is formed by the district (city) state tax inspection and then sent to these organizations or their higher authorities to assist in the collection of tax arrears in the prescribed manner.

Apparently, there is no matrix of practical actions here, i.e. it does not specify what to do after visiting the object or determining additional income is not just a visit.

In addition, the ability to filter revenue records in the Public Finance Management program does not allow for in-depth analysis, which means that “smart” queries cannot be generated.

Example 1: For the analysis of enterprises legalizing the payroll, it is impossible to compare small enterprises that paid insurance premiums with personal income tax before April 1, 2018, with income tax paid for the same period in 2019, and group them according to their ratio.

Example 2: To analyze tax revenues from water use, additional “software operations” are required to compare small business revenues for a given 2018 period with revenues for the corresponding 2019 period, and this will take time.

Example 3: It is necessary to use the existing “filter” several times to analyze the receipts paid by a...
single payer by type of income and in different periods.

In order to solve such problems in the regional financial institutions (based on the purpose of the article and the intended volume, we will not dwell on the activities of the tax authorities), it is advisable to implement the following recommendations.

First of all, given the fact that the funds received in excess of the forecast do not give a more complete assessment of the activities of financial and tax authorities, it is advisable to move to the system of "target indicators" of reporting. “Target indicators” make it clear that they are considered as additional income. The approximate composition of these indicators is as follows:

<table>
<thead>
<tr>
<th>Measures</th>
<th>Detected objects</th>
<th>Additional calculated</th>
<th>Really charged</th>
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<tbody>
<tr>
<td>1. Identify informal workers.</td>
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<td>2. Taxable items detected using in-house control</td>
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<td>3. Working with sole proprietors operating illegally</td>
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<td>4. Reducing tax debt</td>
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<td>5. Confiscation of property belonging to individuals</td>
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<td>6. Inventory of land plots belonging to individuals</td>
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<td>7. Study of property tax and land tax benefits for individuals</td>
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<td>8. Timing or short-term express study</td>
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<td>9. Analysis of the report of tax-exempt agencies</td>
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<td>10. The effect of proposals to improve the tax system</td>
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This table provides an in-depth analysis of how much additional revenue base has been identified in the relevant area.

Second, although “Roadmaps” for additional budget revenues have been developed for all regions, some measures are of a general nature. In other words, despite the direction indicated, it is not clear what action (tactics) should be taken in that direction.

Therefore, each financial institution should have “technical tactics” plans in its analysis to determine additional income (excluding direct door-to-door sales), that is, lists of common and most likely tax evasion cases (“offense versions”). For example:

1. An individual entrepreneur operates without registration. However, he may have used electricity or gas, bought a product from the stock exchange, or imported a larger amount of product.
2. The exemption from the objects of taxation in the name of the deceased on the property tax or land tax on individuals remains;
3. Insufficient funds are received by construction organizations that receive funds for construction in a centralized manner;
4. The amount (value) to be taken into account by the VAT payer is doubtful;
5. Dividend tax was withdrawn from commercial banks and no dividend tax was paid;
6. Purchased alcohol from alcohol-producing enterprises for the production of pharmaceutical products and did not pay the required taxes;
7. Confectionery companies that bought sugar from the stock exchange did not pay enough taxes;
8. According to commercial banks, there are taxpayers who have a bank turnover and pay "0" tax;
9. Insufficient taxes are paid by legal entities importing consumer goods, etc.

Similarly, once “versions” have been formed (of course, the number of these versions can be constantly increased), it is necessary to develop schemes for comparing which data to work in these areas.

For example, the scheme for the analysis of property tax benefits for individuals is as follows.
The third proposal is to organize a special training course for employees of financial institutions to work with large databases.

At the same time, it is difficult to compare the records in the database of many tax-exempt government agencies using Microsoft Excel, which is popular for all (of course, it can be easily used at any district or city level, but the data increases at the regional level).

To do this, there are currently special programs for large databases (Microsoft Access, Oracle, ...).

REFERENCES

1. Resolutions of the Cabinet of Ministers dated October 6, 2018 No. 807 "Measures to expand the use of modern information and communication technologies in tax administration" and dated June 25, 2019 No. 522 "On measures to improve the use of electronic invoices in the settlement system".


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