



# TAX LOADING AND MACROECONOMIC STABILITY AND INVESTMENT IMPACT ON THE ENVIRONMENT

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## INTRODUCTION

In the process of forming the foundations of a socially oriented market economy in the Republic of Uzbekistan, increasing the welfare of the population by ensuring sustainable economic growth requires the solution of a number of more complex economic problems. Among them, ensuring macroeconomic stability and improving the investment climate are of particular importance.

The main goal of the implementation of tax reforms is to achieve macroeconomic efficiency, to make effective use of a number of tax benefits, tax rates and tax bases, which serve in the development and implementation of public tax policy. However, they can have a positive or negative impact on economic development. They should be used with caution, that is, by addressing issues that have a positive impact on economic development.

The impact of tax burden and tax policy on the macroeconomic situation is very large, and the change in GDP and national income created in the country is directly related to the effectiveness of tax policy. The impact of the tax burden on the macroeconomic situation can be assessed by issues such as the impact of taxes on aggregate demand and aggregate supply, investment climate, consumption, and economic stability.

Taxes are an important financial source for any country and play an important role in budgeting and regulating the economy. In all countries of the world, taxes are the main source of state budget revenues.

The tax burden and the country's fiscal policy are important factors in achieving macroeconomic stability. Tax burden and tax policy in the country play a special role in economic growth, macroeconomic stability and improving the investment climate, and the need to improve these issues is a key requirement of today's economy.

It is known from the course of economic theory that all macroeconomic processes begin at the micro level. That is, the more the financial and tax relations of economic entities improve, the more the economic problems with the state are solved, that is,

the lower the tax burden, the more macroeconomic stability is ensured and the investment climate in the country improves. This is because the more the tax burden on economic entities is reduced, the more their production activity develops and the investment concentration increases. As a result, national production will increase, money supply will improve, inflation will fall and budget revenues will be stable.

Changes in tax rates, that is, changes in the tax burden, directly affect the set of requirements. The volume of both consumption and investment depends on the size of the tax. For example, the growth of consumer and investment expenditures is encouraged when the tax revenue to the budget decreases and public expenditures remain the same.

The level of tax revenues depends not only on socio-economic factors, but also on the effective use of the tax system and how it performs its functions. The impact of these functions can be considered through the tax burden on the country's economy.

The process of using the funds collected from the state tax revenue and redistributing the funds at the state level, spending them as a resource for governing the state, reproduction, represents the macroeconomic movement of taxes.

This macroeconomic movement represents the movement of tax revenues in all spheres of social production. The macroeconomic movement of taxes actively participates in the production, sale of products on the market, income of the household and, ultimately, the state budget. Taxes are involved in the social protection of households in this process.

It provides significant practical assistance in solving a number of macroeconomic problems of the state, ie in improving the money supply, providing the state budget with stable revenues, covering the state budget deficit and maintaining inflation. If the government makes a small mistake in the development of tax policy, or slightly increases the tax burden, the macroeconomic balance will be lost, the economy will follow. One of the simplest manifestations of this is the emergence of a shadow economy. The shadow economy in itself has a



negative impact on both the state and its citizens. Therefore, it is necessary to develop a clear and concise tax policy for a certain period.

It is known that the tax in the country's economy is the result of the state's tax policy and characterizes the quality of any tax system. At the same time, the level of taxes is determined, on the one hand, by the efficiency of social production, and, on the other hand, by the amount of the state's need for financial resources. Therefore, reducing the weight of the tax burden is primarily associated with a reduction in government spending.

The fact that the state takes a part of the GDP as a mandatory payment is the economic essence of taxes, that is, it determines the rate of the state's tax burden. If we pay attention to the statistics, the tax burden on the country's GDP in 1991 averaged 49.0%, while in 2020 it fell to 20.0-22.0%.

Reducing the tax burden serves to ensure the financial and macroeconomic stability of the Republic of Uzbekistan.

It should be borne in mind that a reduction in the tax burden on GDP does not mean that the country's involvement in the economy will decrease. This is a one-sided view. This is because a number of taxes are calculated at the state level and remain uncollected. Also, the rate of tax arrears and arrears may increase. Determining the tax burden without taking this indicator into account leads to erroneous conclusions about the national tax system of the country.

The tax burden in 1991 was 49.0% of GDP, but now it has fallen to 20.0-22.0%. Also, over the years, the level of tax burden has been declining across the country. Sustainable economic growth is observed in the country as a result of the tax burden reduction policy, and we are right to say that this is a direct result of a prudent tax policy.

At present, the level of tax burden in our country is close to the level of developed countries, and we can say that it is even lower. Due to the prudent application of fiscal policy in the country, in recent years, the state budget is closing with a surplus of GDP.

Of course, these positive results of macroeconomic and financial stability in recent years can be summed up by taking into account all areas of economic life of our society, first of all, the results of ongoing reforms, new processes and qualitative changes.

In the developed countries of the world, the tax burden on GDP fluctuates around 30-40%. That is, developed countries redistribute one third of their products to the state budget. In our country, taxes (excluding state budget funds) redistribute one-fifth of GDP to the state budget. However, in 1991 this figure was two-thirds of GDP.

Data on the role of the state budget in the redistribution of GDP in Uzbekistan show that the

rate of change of certain types of taxes has been very uneven, with a tendency to increase tax and non-tax revenues in recent years. In particular, the share of property taxes and resource fees in the redistribution of GDP is growing, while the share of customs duties and export taxes is declining. The share of other types of taxes in the country is declining. For example, budget revenues from direct taxes tend to decrease relative to GDP. Of course, the reduction of the tax burden on these types of taxes is a positive result of the work being done in our country to liberalize the economy and deepen reforms. Changes in the share of taxes in the distribution of GDP by certain types, firstly, in the process of transition to a market economy, improving the mechanisms of redistribution through the state budget.

When considering the expenditure part of the state budget of the republic, we can observe that in recent years the share of many social expenditures in GDP, expressed as a percentage, has been declining.

In order to achieve macroeconomic stability, it is necessary to ensure that the revenues and expenditures of the state budget are balanced. However, in most cases, the state budget expenditures exceed revenues, resulting in a budget deficit. There are many reasons for this, including the continuous growth of the state's role in all spheres of public life, the expansion of its economic and social functions.

In order to maintain the expected level of state budget deficit in the country in the future, it is expedient to implement the following measures:

- reduction of tax benefits;
- increase the cost-effectiveness;
- Reduce management costs as much as possible.

Changes in the tax mechanism affect changes in aggregate demand and aggregate supply, as well as changes in investment.

All countries attract various investments in order to develop their economies and ensure macroeconomic stability and ensure the growth of products (goods, works). This, in turn, will provide more taxes to the state budget. If the volume of investment in the economy is not increased, the volume of production will not increase and the state budget will not receive a tax revenue. An increase in total investment in the economy will ensure an increase in tax revenues to the state budget.

In fact, there is a correlation between taxes, the tax burden and investment. The distribution of newly created value between taxes between the state and taxpayers provides a link between the tax burden and investment. The reduction of the tax burden in many ways stimulates the production of taxpayers, expands their production and strengthens the introduction of new technologies. In turn, the



promotion of investment through taxes will increase the amount of taxes to the state budget in the future.

This, in turn, has had a significant impact on attracting and increasing investment.

In turn, if the value added through taxes is appropriated by the state to a greater extent, that is, if the tax burden increases, it will limit the ability of economic entities to expand production.

Today, our government pursues a policy of attracting investment in some of the most vulnerable sectors of the economy. The best way to attract investment is to provide incentives. A number of tax incentives provided by the state increase the volume of investments in these areas. This will form the basis for a new tax on the state budget in the future. In turn, unemployment will fall, incomes will increase, production rates will increase, and a number of similar macroeconomic problems will be solved. That is why the investment in such areas can be interpreted in some sense as a manifestation of the relationship between taxes, tax burden, investment and macroeconomic stability.

## CONCLUSIONS

We believe that in order to achieve macroeconomic stability through a prudent fiscal policy in our country, it is necessary to implement the following tasks:

- formation of the tax system, definition and stratification of the optimal limits of the tax rate for the implementation of fiscal policy;
- Ensuring economic growth, increasing investment and population growth by stimulating economic activity through the establishment of tax benefits.

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