PROSPECTS FOR THE FORMATION OF LOCAL BUDGET REVENUES IN THE CONTEXT OF ECONOMIC DEVELOPMENT

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Abstract. *This scientific article explores the issues related to strengthening budget capacity through the mechanism of tax and fee collection in the formation of local budget revenues. It substantiates the necessity of thoroughly analyzing local budget revenues and developing practical recommendations to ensure their stable collection. The study highlights the role of taxes in generating local budget revenues and proposes practical suggestions for increasing these revenues and expanding the list of local taxes.*

Keywords: *budget funds, local budget revenues, local budget expenditures, local taxes and fees, local governance, tax revenues.*

The primary objective of the economic reforms being implemented in our country is to ensure macroeconomic stability, maintain consistent and balanced growth in production, and continue structural transformations through increased investment inflows. These efforts are also aimed at modernizing and updating the leading sectors of the economy.

The successful implementation of these reforms is directly connected with the local budget system, which forms the central link in the country's financial structure. The reforms in the budget and taxation system are primarily intended to improve the population's standard of living, ensure economic stability, and create broad opportunities for the accelerated development of small businesses and private entrepreneurship.

Enhancing the financial independence of local public authorities in managing regional resources contributes not only to the formation of a sustainable revenue base for local budgets but also expands opportunities for efficient utilization of regional economic potential.

As President Shavkat Mirziyoyev emphasized in his Address to the Oliy Majlis (Parliament) of the Republic of Uzbekistan: "It is necessary to abandon excessive centralization of state governance. To achieve this, many powers should be transferred from central authorities to regional bodies. Our most important task must be to ensure

that citizens, through their representatives, can exercise appropriate oversight over the critical functions of local authorities, including regional development, budget execution, and the resolution of utility-related problems" [1].

In accordance with the Presidential Decree of the Republic of Uzbekistan, beginning from October 1, 2018, the requirement to issue certificates of registration for rights to real estate (land plots, buildings, structures, and perennial plantations) was abolished. Instead, a procedure was introduced for entering such rights and related transactions into the State Register of Real Property Rights in electronic format [2].

The Russian economist V.Panskov, in his research, addressed problems within the taxation system of natural resources and outlined potential solutions. According to him, the fiscal importance of resource taxes in local budget revenues should be increased. This process should be regarded as a strategic direction for the reform of natural resource taxation. On the one hand, taxes on the use of natural resources represent a crucial source of income for local budgets, while on the other, they serve as a financial instrument for regulating state use of these resources [3].

D.Ricardo, who further developed Adam Smith's tax theory, defined taxes as follows: "Taxes are a portion of the produce of the land and labor of a country placed at the disposal of the government. They are ultimately paid either from capital or from the income of the country" [4].

Advanced economies apply property taxation based on market valuation of real estate objects, which helps increase tax revenues and regulates the effective use of property.

Regulatory revenues increased by 12,8% in 2024, which is the main additional revenue source for local budgets. The share of personal income tax in local budget revenues was almost 30%, which is an increase of 23,3% compared to 2023. This indicates an increase in personal income and increased economic activity. This change is taking place as a result of effective tax collection systems and economic growth. A decrease in corporate income tax by 20,2% indicates a decrease in corporate income or a change in corporate income tax rates. This may also be due to economic crises or increased competition in the market. The tax segment is an indicator of growth (34,4%), which means that more funds are being collected in local budgets. Additional funds may be contributed to the budget at local levels. The decrease in state duty revenues can be partly explained by changes in the economic relations between local levels and the state. As a result of the decrease in revenues from some duties, the funds allocated to the local budget will decrease.

It is worth emphasizing that the gradual liberalization of the taxation system in Uzbekistan necessitates an in-depth study of advanced foreign practices. Evaluating both their strengths and weaknesses in the context of the "Uzbek model" can help identify the strategic directions for further development of the tax system. Special

attention should be paid to the fact that in developed countries, the economy is primarily based on production, i.e., it is industrialized. When implementing reforms in our country, this factor should not be overlooked. Furthermore, in many developed countries, the term “conscientious taxpayer” has become common. Therefore, efforts should be made to promote this concept through legislation and awareness among taxpayers in Uzbekistan.

Of course, this must take into account the specific features of our national economy, the current stage of socio-economic development, the level of labor culture, wage standards, and existing working conditions.

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