ACTUAL ISSUES OF IMPROVEMENT OF THE TAX AND BUDGETARY POLICY

A. Juraev
Tashkent Financial Institute, Uzbekistan
60-A, Temur Str., Tashkent 100000 Uzbekistan
tfi@tfi.uz

Abstract. The tax and budgetary policy is important instruments of state regulation of national economy. Improvement of the mechanism of use of these tools allows to stimulate cumulative demand therefore develops productions. As, cumulative demand defines a level of production of goods and services. However in many countries with a transitional economy rather high level to tax loading, deficiency of the state budget is observed that negatively influences stability of macroeconomic growth. In this article topical issues of the tax and budgetary policy of the government of the Republic of Uzbekistan are considered and scientific and practical recommendations about its improvement are developed.

Key words: state budget, public debt, deficiency, surplus, tax loading.

One of key questions of a tax policy is providing an optimum level of tax loading for taxpayers. High tax loading limits financial opportunities of managing subjects and by that constrains production development. Besides, the increase in rates of taxes will lead to decrease in expenses of the companies and house farms.

Below we will consider level to tax loading in separately taken countries (Karimov, 2009, p. 4).

Table 1

<table>
<thead>
<tr>
<th>Countries</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Change in 2012, compared with 2010 (percentage points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>30,3</td>
<td>31,6</td>
<td>32,6</td>
<td>2,3</td>
</tr>
<tr>
<td>Canada</td>
<td>37,8</td>
<td>38,0</td>
<td>38,7</td>
<td>0,9</td>
</tr>
<tr>
<td>France</td>
<td>48,3</td>
<td>50,6</td>
<td>51,2</td>
<td>2,9</td>
</tr>
<tr>
<td>Italy</td>
<td>46,0</td>
<td>45,9</td>
<td>46,9</td>
<td>6,9</td>
</tr>
<tr>
<td>Great Britain</td>
<td>36,5</td>
<td>37,1</td>
<td>37,4</td>
<td>0,9</td>
</tr>
<tr>
<td>Germany</td>
<td>42,1</td>
<td>44,1</td>
<td>44,1</td>
<td>2,0</td>
</tr>
<tr>
<td>Russia</td>
<td>34,6</td>
<td>37,1</td>
<td>35,6</td>
<td>1,0</td>
</tr>
<tr>
<td>China</td>
<td>19,4</td>
<td>20,9</td>
<td>21,8</td>
<td>2,4</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>44,7</td>
<td>50,8</td>
<td>47,7</td>
<td>3,0</td>
</tr>
</tbody>
</table>

As seen from the data of table 1 in 2010-2012 in the above-mentioned countries have seen an increase in the tax burden. The relatively high increase was observed in the USA, France, Italy and China.

In our opinion, the increase in the tax burden in the countries reviewed is explained with increase of the deficit of the state budget in the result of the measures aimed at eliminating the consequences of the financial-economic crisis.

As a result of this global crisis was observed catastrophic decline in the index and the market value of the biggest companies in the world. Moreover, the crisis has caused a serious recession, the sharp decline in economic growth in many countries, with all the ensuing negative consequences (Karimov, 2014, p. 37).

To eliminate negative consequences of the crisis in many countries, the government was forced to spend so much money from the state budget. A considerable part of these funds was directed to the purchase of troubled assets of companies and banks. For example, the US government at the expense of the state budget...
was buying distressed assets in the amount of 663 billion. And the Austrian government for the same purpose has allocated 75 billion EUR (Karimov, 2014, p. 44).

As a result of these measures increased the deficit of the state budget, Figure 1, (Indikatori gosudarstvennogo byudjeta Respubliki Uzbekistan: Informasionno-analiticheskiy obzor, 2013, p. 47).

![Fig. 1. The state budget deficit in individual countries of the world, as at January 1, 2013, in % to GDP](image)

As can be seen from the tables 1, in the considered countries are experiencing high levels of public deficit. This negatively affects the stability of macroeconomic growth. Because, the state budget deficit have a lasting adverse effect on the accumulation of capital and, in turn, on GDP" (Jukov, EG@EKONOMIK).

In addition, the relatively high level of state budget deficit is forcing the government to resort to credits of the Central Bank, resulting in circulation appear unsecured money. Thus, increase of inflationary processes in the economy.

Uzbekistan is actively conducted state policy aimed at reducing the tax burden and providing surplus of the state budget. Since 2005 the state budget of Uzbekistan executed with a surplus. In 2013 the level of surplus amounted in relation to the GDP of 0.3%. The tax burden on the economy in 2013 declined from 21.5 to 20.5%, and the minimum rate of tax on individual income was reduced from 9 to 8 percent (International Monetary Fund, World Economic Outlook Database, September, 2013).

Taking concrete measures on further liberalization of tax administration, improving the transparency of the tax system.

It must be emphasized that the establishment of the Fund for reconstruction and development of Uzbekistan and increase of the authorized capital of the Fund contributes to reducing the share of budget funds in the total volume of investment financing. Because, the Fund actively attracted to Finance investment.

Fund for reconstruction and development has assets in the sizes exceeding 15 billion, involved in co-financing 86 investment projects totaling more than 29 billion (Blanshar, 2010, p. 594).

However, the level of availability of the economy remains low. As at January 1, 2013, in Uzbekistan the actual level of the coefficient of monetization amounted to 22.3 % (Osnovnyye indicatory razvitiya denejno-kreditnoy sistemy Respubliki Uzbekistan, Informasionno-analiticheskiy obzor, 2013, p. 26). The low level of monetization has a negative impact on aggregate demand and aggregate supply. However, in the banking system of the Republic of lack of "long money". Although taken serious steps to strengthen long-term resource base of commercial banks. So, according to the Decree of the President of the Republic of Uzbekistan №1166 from July 28, 2009 the rate of mandatory reserves of the Central Bank differentiated depending on maturity:

–deposits for a period from 1 year to 3 years in the amount of 80% from the generally established norms;
–on deposits for the term over 3 years – 70% from the generally established norms.
In addition, a legal person for a period of five years are exempt from tax on interest income received from placing on deposits and in debt securities of commercial banks for term over 1 year. A deposits of legal entities for a period of more than 6 months are remunerated in the amount of not less than 75% of the effective refinancing rate of the Central Bank; deposits for the term over 1 year interest is paid in the amount not less than 150% of the current refinancing rate of the Central Bank.

But despite such measures, the level of provision of the cash economy remains relatively low. In such conditions, in our opinion, it is necessary to conduct fiscal policy aimed at stimulating aggregate demand.

As the experience of developed countries, the US in particular, the increase in the volume of public procurement will lead to higher employment, increasing incomes of workers and the profits of companies.

J.M. Keynes demonstrated that fiscal policy plays a key role in stimulating aggregate demand, and therefore governments should actively promote it in those cases when aggregate demand is insufficient to maintain production at the level of full employment.

Proposed by Keynes fiscal policy aimed at stimulating aggregate demand has played a key role in the U.S. economy without crisis in the period from 1945 to 1960.

The high level of state budget deficit in the analyzed countries has led to increased tax burden in 2010-2012. This negatively affects the stability of macroeconomic growth, because of the high tax burden discourages aggregate demand.

In Uzbekistan carried out a deliberate policy aimed at reducing the tax load, ensure budget surplus, increasing the transparency of the tax system.

However, the level of provision of the cash economy remains relatively low. Therefore, we suggest carrying out budget policy aimed at stimulating aggregate demand.

References
Indikatory gosudarstvennogo byudjeta Respubliki Uzbekistan, Informasionno-analiticheskiyobzor. Tashkent.
Jukov, A. (n.a.) Zal’yem li nefteydollaramipojarekonomiki. Tashkent: EG@EKONOMIK.