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Types and Functions of Taxes in a Market Economy

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Abstract

The purpose of this article is to explain the role and importance of taxes in a market economy based on economic analysis. There are also economic considerations about the types of taxes, and the importance of the functions of taxes in today's market economy has been scientifically demonstrated. The role of taxes and types of taxes in the regulation of the economy, the results of economic measures taken to introduce taxes in the economic growth of the country are presented in statistics. Through an in-depth analysis of the role of tax functions in the economy, we can identify them as a key factor in ensuring the country's budget. The large-scale work carried out in our country to ensure greater transparency of tax policy determines the relevance of this sector for today's market economy.

Keywords: *Market Economy; Economic Analysis; Functions of Taxes; In-Depth Analysis; Key Factor; Tax Policy*

Introduction

A market economy is a democratic economy based on commodity-money relations, based on various property and economic freedoms, and governed by competition. The market economy is characterized by barter, not barter. The market economy is based on economic liberalism, i.e. freedom, property freedom and freedom of management (Malikov; 2010).

Taxes are the main source of state budget revenues and an important tool for managing the economy. However, this definition does not fully cover the nature of taxes and does not reflect the organizational and legal aspects of taxes. Also, as an economic relationship, what is the object of that relationship? cannot answer the questions.

The concept of tax as an economic category is directly related to the emergence of the state and the duration of its activities.

It should be noted that the tax category emerges as an economic reality through government economic policy. The concept of tax in the narrow sense refers to the compulsory collection of money from taxpayers at the discretion of the state (Malikov; 2010).

The imposition of taxes is objective, because not all individuals who make up society operate in the real sector (manufacturing). There are also areas in society that are rejected by others or that are economically inefficient to pursue, which require that taxes be applied objectively. More precisely, the division of society into unprofitable (defense, medicine, science, education, culture, etc.) and profitable sectors, as well as the natural need to finance the unprofitable sector necessitates the objective implementation of taxes, social services in unprofitable industries, taxes arising as a method of financing them will therefore be directly attributable to the state (Juraev; 2009).

The objective necessity of taxes in the transition to a market economy can be expressed in two cases: first, the need to finance a number of functions of the state, and secondly, the rules of a market economy (Yuldashev; 2007).

The Main Findings and Results

Taxes are monetary relations that represent mandatory payments. This relationship is between the taxpayers (legal entities and individuals) and the state that makes them their property. Businesses and organizations form monetary relationships when they serve the public, do work, or trade in markets. But they cannot be taxes, and for there to be a tax relationship, the state must be compulsorily paid or levied to the state budget by distributing the value of the product created in the country. Taxes, which are the main source of the budget for the state, are of great importance (Yuldashev; 2007).

In his book “The Experiment of Tax Theory” (1818), N.I. Turgenev states that “… taxes appeared with knowledge and became its symbol”.

Information disseminated among the population depending on the purpose, distribution and method of collection of taxes; Depending on the amount of taxes collected, it is possible to think about its wealth, which is the two most important features that signify knowledge and enlightenment. ”From these words we can once again be sure that taxes are ancient financial institutions with the emergence of the state (Turgenev; 1818).

It is worthwhile to cite the definitions of taxes given by various economists. D. Ricardo writes: “Taxes are a part of the land resources and labor of the country which comes at the disposal of the government, and which is ultimately paid out of capital or of the income of the country”.

It should be noted that D. Ricardo highlighted the essence of taxes, which in turn contributed to the development of the theory of taxes, developed by A. Smith.

Tax rate set by S.G. Pepelyaev: “Tax is the only form of alienation of property of individuals and legal entities in order to ensure the solvency of public authorities on the basis of compulsory, individual, impartial, non-refundable, compulsory state security and non-punitive or non-contributory law”.

Currently, a number of scientific papers have been published in the economic literature on the economic nature of taxes. For example, in the glossary of political economy, taxes are defined as “…a system of mandatory payments that characterizes the participation of enterprises, organizations and the population in the organization of financial resources of the country” (Turgenev: 1818).

According to Professor D.G. Chernik, “Taxes are mandatory fees levied by the state on businesses and citizens at rates legally established” (Chernik; 2001).

At present, the bulk of government revenue is formed through taxes. During the formation of market relations, taxes are an indirect tool for regulating the economic activity of enterprises.

Analyzing the above definitions, we can say the following:

a) the right to set taxes is given only to the supreme legislative body of the state - the parliament;

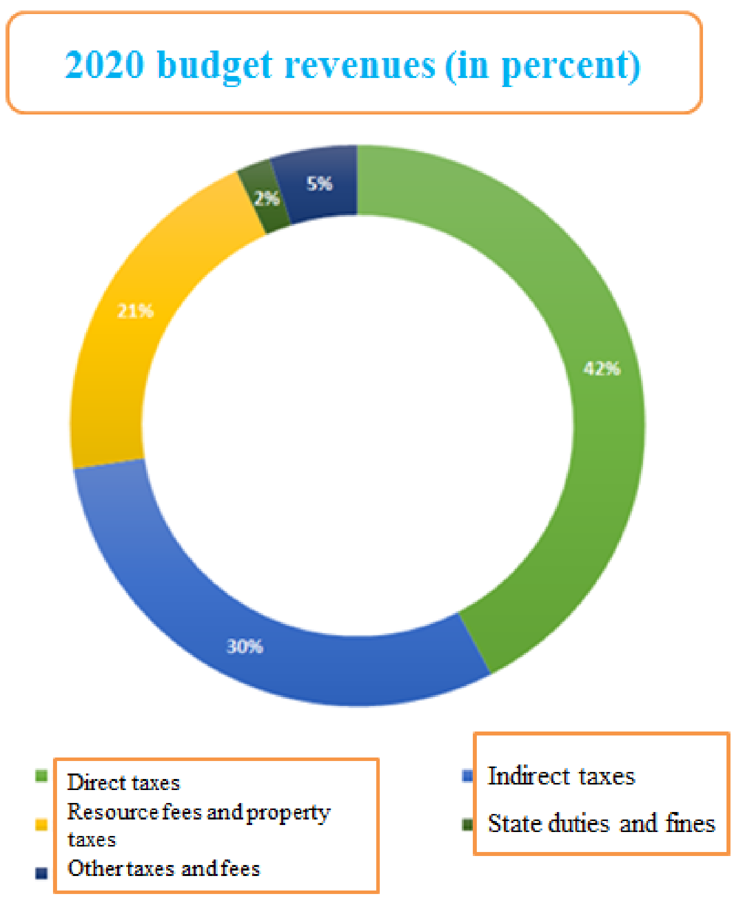
b) the tax is paid by the owner, not the citizen;

c) the tax is set for the income of the state budget;

g) payment of taxes is obligatory.

In the history of society, no state has ever existed without taxes. In a market economy, too, the state collects most of the funds needed to carry out its internal and external functions, various social, economic and political measures, through taxes. In particular, taxes form the revenues of the republican and local budgets, create a financial basis for state social programs, manage the business activities of taxpayers, stimulate their desire to use natural resources efficiently, influence pricing, regulate living standards (Chernik; 2001).

Hence, taxes are money that goes to the budget and are a mandatory relationship established by law. Mandatory taxes are ensured by legal and regulatory laws approved by the Oliy Majlis. Therefore, neither legal entities nor individuals have the right not to pay taxes, to hide the object of taxation, to reduce the amount of tax (Vakhobov; 2002).



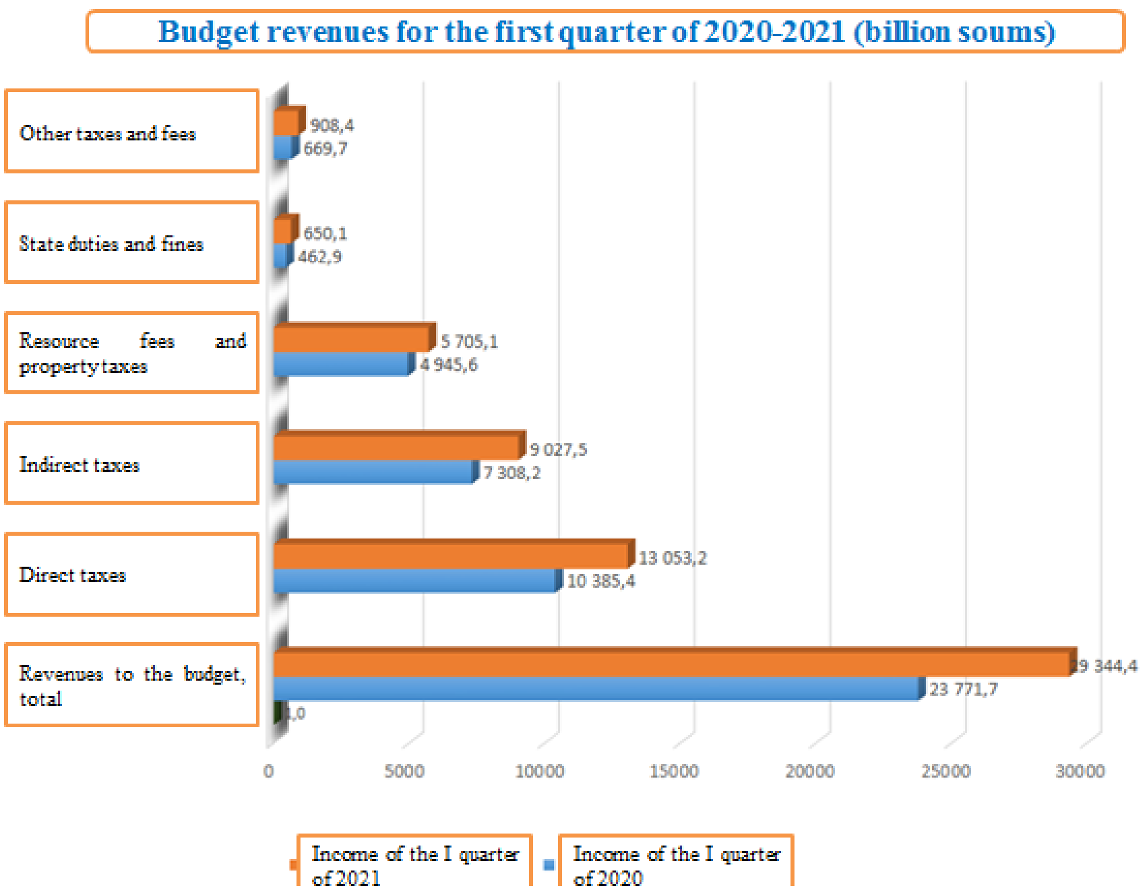
With the help of taxes, the relevant part of the national income is distributed and redistributed. Taxes levied by the state and the forms and methods of their organization together form the tax system. In the national economy, taxes perform the following three important functions (Juraev; 2009):

1. financing of public expenditures (fiscal function);

2. alleviation of social tension (social function);

3. regulation of the economy (regulatory function).

Taxes are an important category of advanced commodity production, which, of course, is closely linked to a broader category - the state budget. Because taxes are involved in the formation of the budget (Vakhobov; 2002).



Methodology: The essence of taxes stems from the functions they perform

By function is meant the constant movement of a category, which is often repeated in life (Yahyoev; 2013).

The functions of taxes show that their essence is at work in practice. Therefore, the function must always exist and reflect the essence of the tax. Cases that appear today and disappear tomorrow cannot be a tax function. Hence, the category of a function represents a constant, repetitive reality. Based on such a methodological approach, it is necessary to determine the function of taxes (Juraev; 2009).

There is a great deal of controversy over the functions of taxes, but no consensus has been reached.

It is useful to highlight the following main functions of taxes (Chernik; 2001):

· Fiscal function

· Regulation function

· Incentive function

· Control function

· The function of providing information on the tax calculation process.

The main function of taxes is a fiscal function (derived from the Latin word fiscus, which means treasury), the essence of which is that taxes create financial resources of the state and create the material conditions for the functioning of the state (www.norma.uz).

By collecting a portion of the income of enterprises and citizens through taxes in order to maintain the state apparatus, the country's defense, the non-manufacturing sector, which does not have a source of income at all, or its own funds to ensure adequate development The formation of the revenue part of the state budget through the collection of taxes is the most important element of the fiscal function (www.lex.uz).

The second important function of taxes in the formation and development of market relations is their regulatory role in the economy, that is, the state regulates the economic conditions of production and sale of goods and services through taxes, thereby determining the economic activity of sectors of the economy. Creates a “tax environment”. Through this function, it influences the tax system, that is, stimulates or restricts the rate of production in a particular sector, increases or decreases the transfer of capital from one sector to another, where the tax environment is most favorable, as well as expands or reduces the solvent demand of the population (Juraev: 2009).

The determination of the tax rate is based on a number of principles (www.lex.uz).

1. The principle of nepotism means that different individuals should be taxed differently depending on the level of their use of tax-funded programs.

2. The principle of solvency - the amount of tax should correspond to the level of wealth and income of the taxpayer. In other words, taxation must require a fair distribution of income (www.norma.uz).

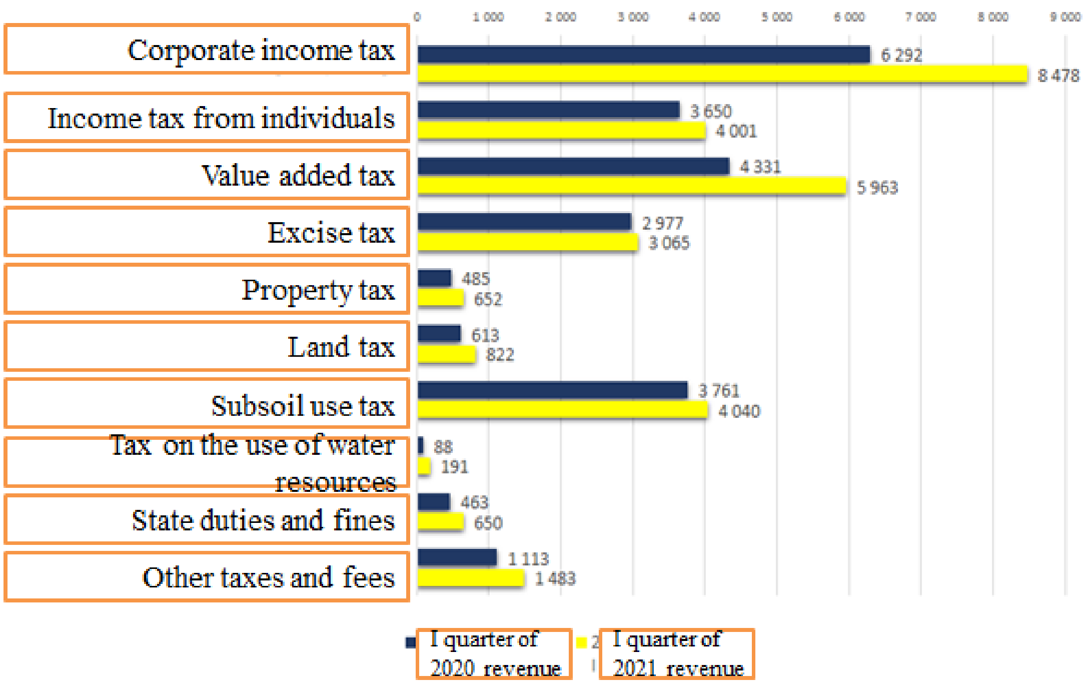
3. The principle of fairness - people who are equal in income and level of use of government programs should pay equal taxes (Yahyoev; 2013).

Results: Taxes, levies, duties are the state's financial resources. Taxes are one of the main sources of funding for all areas of government activity and an economic tool for the implementation of state priorities.

Regulation and improvement of the tax system will help to conduct effective public economic policy, in particular, the development of the financial system.

State regulation of the economy through taxes, the formation of the state budget, taxation is a way to influence the development of certain processes in society.

Revenues of the budget for the first quarter of 2020-2021 by types of taxes (billion soums)



Conclusion

In a market economy, taxes are one of the most important tools of the state to influence economic processes; they serve as a financial replenishment of budgets at different levels to implement the life support of the state. Understanding the objective necessity of paying taxes by taxpayers, the success of their collection is largely determined by the level of tax culture of society, which cannot be formed without an appropriate educational process for the younger generation. Through the education system, the media and visual propaganda, the tax among Russians is not only the compulsory confiscation of property, but also the payment for public goods consumed by every citizen, the return of state products from rich to poor; it is possible and necessary to form an understanding of the method of distribution; tax evasion is one of the most serious crimes (Yahyoev; 2013).

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