International Journal of Multicultural and Multireligious Understanding

http://ijmmu.com
editor@ijmmu.com
ISSN 2364-5369
Volume 8, Issue 12
December, 2021
Pages: 243-248

Indicators of Tax Potential of Regions in Financial Security and Its Determining Factors

Tulkin Zokirovich Teshabaev[1]; Shamsiddin Amanullaevich Allayarov[1]; Umida Asanalievna Yuldasheva[3]

[1] Doctor of Economics, Professor, Rector, Tashkent State Institute of Finance, Uzbekistan

[2] Doctor of Economics, Associate Professor, Head of the Department of "Management and Marketing", Tashkent State Institute of Finance, Uzbekistan

[3]Associate Professor, Department of "International Finance and Credit", Tashkent State Institute of Finance, Uzbekistan

http://dx.doi.org/10.18415/ijmmu.v8i12.3276

Abstract

The article scientifically examines the indicators of tax potential and the factors that determine it, which are among the most important issues of financial security. Also, the content of the concept of tax potential as an economic category has been scientifically studied, author's approaches have been developed and relevant conclusions have been formed.

Keywords: *Budget; Finance; Financial Security; Tax; Tax System; Tax Potential; Territory; Tax Burden; Tax Sensitivity*

Introduction

Currently, there is no systematic approach to tax potential indicators in terms of financial security, but it has all the system of indicators used in the tax potential of the region, the main element is the regional tax potential as a category with quantitative assessment. It should be noted that the problem of financial security of the region is directly related to tax issues [1, pp. 64-69], in this regard, we consider it appropriate to pay special attention to the study of tax discipline and tax culture in ensuring the tax capacity of the regions [2, pp. 2343-2348; 3, pp. 124-128] Many factors influence the increase in the tax potential of the regions, the most important of which is the development of entrepreneurship and the proper organization and management of management [4, pp. 1-7; 5]. This is because if regions are financially secure, there is a high chance of development in regions with high tax potential, which in turn requires the development of tax discipline to ensure financial security [6]. It should be noted that in today's pandemic, the issue of socio-economic development of the regions is becoming increasingly important, and in this regard, the need to study tax potential indicators and factors influencing it is growing through proper tax planning and development of forward-looking forecasts.

Literature Review

According to the results of the study, it should be noted that the development of financial technologies today also directly serves to increase the tax capacity of the regions [7]. It was also developed by E.S. Osipova, T.F. Yutkina, B.V. Roshchupkina that the positions of separation of the tax potential of the nominal and realized area, all other things being equal [8, p. 576].

Importantly, the nominal and realized potential characterize the tax potential of the region in terms of resource and fiscal approaches.

According to V.V. Roshchupkina, the target tax potential is nominal, defining it in terms of potential "corresponding to the high level of tax sensitivity of the region, the quality of planning, the combination of interests of economic development and entrepreneurship". In this regard, the main mechanism is the harmonization of state and business interests, i.e. its compliance with the criteria of optimizing the tax burden [9, p. 367].

The tax gap is the difference between the nominal and realized tax potential of a region, determined by the extent of corruption, the shadow economy, tax evasion, the quality of tax administration, and other factors. Therefore, the tax gap can be described as the loss of unpaid tax revenues by taxpayers in violation of the requirements of the legislation.

Research Methodology

This article uses methods such as statistical analysis, induction and deduction, grouping, scientific abstraction, empirical, to observe the scientific and theoretical basis of increasing the impact of tax potential indicators of regions and its determining factors on financial security.

Analysis and Results

The ratio of the actual and nominal tax potential of the region, as mentioned above, is the level of realization of the tax potential of the region. The level of realization of the regional tax potential is a characteristic feature of the reproduction of the possibility of accumulating tax revenues in the budget system.

We present the results of a systematic approach to the study of regional tax capacity indicators as evidence of the existence of a system of regional tax capacity indicators and the factors influencing it.

As part of the assessment of the level of implementation, the nominal tax potential of the region and the realized tax potential of the region are determined.

The nominal tax potential of the region, which is also described in financial science, is the sum of the tax potential of the region and the tax (tax gap), the level of potential tax revenues formed when fully used in the conditions of high economic activity and optimal tax burden.

The realized tax potential of the region (real) is expressed in the amount of actually accumulated tax payments to the budgets of all levels of the budget system of the region taxpayers.

Another element in the group of indicators that characterizes the tax potential of the region in terms of the quality of the actual potential is the criterion for maximizing tax revenues to the budget system, i.e. the indicator related to the tax threshold. The tax limit, as noted in the first chapter, describes the maximum tax payments that can be deducted.

The second group of indicators is characterized by indicators that characterize the tax potential of the region in terms of revenue distribution at the level of the budget system.

In the focus of this group, the tax potential of the regions is considered primarily as the realized tax potential of the region, as it involves the assessment of the actual tax revenues of the budgets.

Here, the full tax potential of the region is the amount of taxes, levies and other mandatory payments actually accumulated to the budgets of all levels of the budget system.

The third group of indicators includes indicators of the tax potential of the region on individual taxes, which characterizes the tax potential of the region in terms of its additional property. These are also indicators of the realized tax potential of the region on existing taxes (according to the tax code). Currently, the area is subject to personal income tax, VAT, excise tax and others.

The fourth group of indicators consists of indicators that characterize the role of regional tax capacity in the system of inter-budgetary relations. Such indicators include the tax potential index and the integrated indicator of tax capacity development.

In our opinion, it is expedient to highlight the tax potential of the region in the following five groups of indicators, which are descriptive indicators:

1. The level of realization of the tax potential of the region;
2. Tax potential of the region on the distribution of tax revenues at the level of the budget system;
3. Tax potential of the territory on additional property;
4. The role of the tax potential of the region in the system of inter-budgetary relations;
5. Tax potential of the region in terms of the Budget Code of the Republic of Uzbekistan.

The study found that, based on data on local budget funds, it can be said that a significant portion of their revenues come from tax revenues. The maximum level of tax revenues mobilized to the budgets of different levels over a period of time is the tax potential.

We can see the sum of the taxes that can be levied under the basic conditions of the region on the basis of the first proposal made by us in the following (Table 1).

Table 1
The sum of taxes that can be levied for 2021 in the basic conditions of the region (billion soums)
(Prepared by the authors during the research process)

№	Name of the region	In the traditional way	On determining the tax potential of the regions	The difference
Total		**26 970,6**	**27 055,6**	**85,0**
1	Republic of Karakalpakstan	1 457,6	1 462,2	4,6
2	Andijan region	2 093,5	2 100,1	6,6
3	Bukhara region	1 776,9	1 782,5	5,6
4	Jizzakh region	1 098,4	1 101,9	3,5
5	Kashkadarya region	2 299,6	2 306,8	7,2

6	Navoi region	1 453,4	1 458,0	4,6
7	Namangan region	1 738,1	1 743,6	5,5
8	Samarkand region	2 336,2	2 343,6	7,4
9	Surkhandarya region	1 537,1	1 541,9	4,8
10	Syrdarya region	675,7	677,8	2,1
11	Tashkent region	2 766,9	2 775,6	8,7
12	Fergana region	2 594,7	2 602,9	8,2
13	Khorezm region	1 288,7	1 292,8	4,1
14	Tashkent city	3 853,5	3 865,6	12,1

The purpose of this proposal is that the country currently does not have a mechanism to accurately assess the tax potential of the regions. Of course, in theory, there are many ways to assess the scale of the shadow economy (the "ground" for determining the tax capacity), but the mechanism based on the characteristics of the republic and the approaches in practice has not been formed.

The benefits of this mechanism are as follows:

- It is possible to analyze the role of each region in the formation of income;
- Over-expenditure (in the form of transfers) from the national budget is prevented for areas that do not work well;
- is the basis for analysis to change tax policy;
- The main tool to increase income without increasing the tax burden.

This table shows the forecast of local budgets for 2021. At the same time, the advantage of the forecast based on the mechanism of determining the tax potential and the forecast determined in the traditional way, which preceded it, is expressed in numbers. According to him, 85 billion soums are saved from the national budget. In particular, the highest figure is the city of Tashkent - 12.1 billion soums, and in Navoi region, which we are analyzing - 4.6 billion soums.

There are many approaches to assessing tax potential. Each of the approaches affects certain indicators: average per capita income, tax rates, tax base, gross regional product, and so on. In turn, there are a number of other factors that affect the tax potential of the region.

In our opinion, they can be divided into the following groups: regulatory, resource and raw material, production, organizational, infrastructure, social sphere.

The regulatory factor - tax and budget legislation at the level of the state budget and local budgets - is the basis for the functioning of any tax system. Compliance with the legal framework is mandatory, and violation of all subjects and activities of the tax law leads to a crime or offense.

Resource and raw material factors are the natural resource potential of the region. Expanding the resource base will allow increasing the tax revenue base in the region without increasing the tax burden.

Factors of production are the result of the activities of economic entities in the region. The purpose of the work of the regional authorities in this direction is to increase the number of companies and their revenues. In calculating the tax potential, the main indicator is the income remaining after taxes and levies paid to the budget system.

Infrastructure factors determine the transport and geographical location of an area and its infrastructure. These factors directly affect the economic activity of business entities and their tax potential.

Social sphere - these factors determine the level of financial literacy, taxpayer responsibility in the social sphere and confidence in tax policy [10].

Conclusion

In our opinion, the factors influencing the potential can be divided into external and internal. In our view, external factors include: the order in which the policy is pursued and the environment that is not important to the region. These factors affect the region at the state level and play a significant role in shaping the tax potential of the region. External factors are the same for all local areas.

Internal factors are formed separately within each region and can vary significantly in the transition from one region to another. Internal factors vary greatly from region to region and can affect the size of the tax potential accordingly. We can recognize the tax potential of the region as the maximum amount of taxes and fees that can be collected in the budget of the region for a certain period of time under the current legislation. Assessment and planning of tax potential in the long run will have a positive impact on the prospects of socio-economic development of the region.

References

Allayarov, Sh. PhD. (2020) Combination of fiscal and stimulating functions of the tax system to ensure financial and economic security//AMERICAN JOURNAL OF ECONOMICS AND BUSINESS MANAGEMENT ISSN:2576-5973, Vol. 3, No.1, Jan-Feb 2020, 64-69 p.

Allayarov, Sh. PhD. (2020) Factor investigation of tax discipline for financial security// ACADEMICA: An International Multidisciplinary Research Journal. https://saarj.com.ISSN:2249-7137, Vol. 10, Issue 11, November 2020, Impact Factor: SJIF 2020=7.13, pp. 2343-2348.

Allayarov, Sh. PhD. (2020) Strengthening tax discipline in the tax security system: features and current problems//South Asian Journal of Marketing & Management Research (SAJMMR). https://saarj.com. ISSN:2249-877X, Vol. 10, Issue 11, November 2020, Impact Factor: SJIF 2020=7.11, pp. 124-128.

G. Shamborovskyi, M.Shelukhin, AllayarovSh, Y.Khaustova, S. Breus. (2020) Efficiency of functioning and development of exhibition activity in international entrepreneurship// Academy of Entrepreneurship Journal (Print ISSN: 1087-9595; Online ISSN: 1528-2686) Volume 26, Special Issue 4, 2020 pp. 1-7.

L.Shaulska, S.Kovalenko, AllayarovSh, O.Sydorenko, A.Sukhanova(2021). Strategic enterprise competitiveness management under global challenges//Academy of Strategic Management Journal, JEL Classifications: M5, Q2/ Volume 20, Issue 4, 2021.

Teshabaev T, AllayarovSh, ShamborovskyiG (2021). Issues of elaborating tax discipline to ensure financial security//International Finance and Accounting: Vol. 2021: Iss. 5, Article 10. Available at: https://uzjournals.edu.uz/interfinance/vol2019/iss6/14

Allayarov, Sh. PhD; Mirzamakhmudov, M.; and Mirzamakhmudova, M. (2020) "Analysis of Regulatory Sandbox in the Netherlands that Promote Development of Innovative Fintech Startups"// International

Finance and Accounting: Vol. 2020: Iss.3, Article34. Available at:https://uzjournals.edu.uz/interfinance/vol2020/iss3/34

Osipova, E.S. (2011) Methodological and practical aspects of assessing tax potential. E.S. Osipova. Taxes (newspaper). No. 47. Yutkina, T.F. (Moscow) Taxes and taxation. T.F. Yutkin. – Moscow: INFRA-M. 2002. p. 576. Roshchupkina, V.V. (2014) Theory and methodology of a comprehensive assessment of the tax potential of the region: Dis. Doctor of Economics: 08.00.10. Roshchupkina Violetta Viktorovna. – Stavropol. p. 367.

Roshchupkina, V.V. (2014) Theory and methodology of a comprehensive assessment of the tax potential of the region: dis. Doctor of Economics: 08.00.10 / Roshchupkina Violetta Viktorovna. - Stavropol. – p. 367.

E.N. Melnik. (2014) "Tax policy of the state and assessment of its effectiveness at the regional level". Abstract of dissertation for the degree of candidate of economic sciences. – Krasnodar.

Allayarov, S., Nabiev, E., & Allayarov, S. (2020). Amanullaeva Yu.(2020) Ways to Improve the Tax Mechanısm to Ensure the Fınancıal Securıty of the Country. *International Journal of Advanced Science and Technology*, *29*(7), 7849-7855.

Allayarov, S. A. (2017). Features and ways to improve the current model of agricultural policy of Uzbekistan. *International journal of research in social sciences*, *7*(4), 212-223.

Allayarov, S. A. (2020). Strengthening tax discipline in the tax security system: Features and current problems. *South Asian Journal of Marketing & Management Research*, *10*(11), 124-128.

Vileikis, O., & Allayarov, S. (2013). The silk roads: Penjikent-Samarkand-Poykent Corridor: A world heritage nomination. *Reflections on Preventive Conservation, Maintenance and Monitoring by the PRECOMOS UNESCO Chair*, 137-142.