



The Importance of Tax Potential on Increasing Economic Security of Regions

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Abstract

In this article, the importance of tax potential on increasing economic security of regions is reflected from theoretical and practical point of view. In addition, indicators of regional development and tax revenues are analyzed in the example of Kashkadarya region. Main conclusions related to the topic are formed.

Keywords: *Economic Security; Tax Potential; Tax Base; Gross Regional Product; Investment in Main Capital; Budget Incomes*

Introduction

The state of socio-economic development of each country and its regions depends on the receipt of taxes, which make up the bulk of the republican and local budget revenues. The issue of ensuring the regional economic security of the country is directly related to the issues of the tax system, tax discipline [10,11,12, pp. 7849-7855]. In this regard, it is expedient to pay special attention to the study of the concepts of tax discipline and tax culture [13, pp. 7920-7926; 14, pp. 64-69; 15, pp.2343-2348; 16, pp. 124-128]. The processes of socio-economic development of the regions are directly related to the increase of the tax potential of these regions, as well as the development of entrepreneurship and the proper organization and management of management [17, pp. 57-62; 18, pp. 1-7; 19]. This is due to the fact that in areas with high tax potential to ensure economic security, it is possible to ensure the stability of local budget revenues, as a result of which there will be an opportunity to actively finance socio-economic processes in the regions.

According to the analysis of reputable financial institutions, in 2016-2017, the global budget deficit averaged \$ 2.7 trillion, while the general instability of the world economy prevents most countries from properly planning state budget revenues [6, p. 5].

Literature Review

Of course, tax potential is one of the important elements in ensuring regional economic security. Therefore, it is expedient to first consider the category of “economic security”, its essence, structure and components. In order to ensure the economic security of the regions, along with the

issues of tax culture and tax discipline, it is necessary to pay special attention to financial technologies and further intensify research in this area [20,21,22]. The economic security of the regions is important from the point of view of developing international business activities along with tax issues [23,24,25].

Table 1
Opinions of foreign scientists on the economic security of the regions and a description of their research

№	Name of economists, business scarves	Opinions and comments, description of research work
1	N.M. Kalinina [1, pp. 1-21]	<p>“Economic security of the region is an alternative system of measures that provides economic protection of a region protects it from illegal destructive influences (threats) and allows the implementation of internal and external reproduction of the economy of the region”.</p> <p>In his research, the economist looks at economic risk as a “set of measures” or a “set of conditions and factors” and gives similar definitions of “economic security of the region”.</p>
2	G.V. Gutman Yu.N. Lapygin A.I. Prilepskiy [2, p. 119]	<p>They rely on a different view, arguing that security is a specific state of the economy and cannot be a “set of conditions and factors”.</p> <p>They understand economic security as a “socio-economic category that manifests itself as a system of relations directly and indirectly related to the normal functioning of the national economy and its specific sectors”.</p>
3	V.V. Karpov A.A. Korableva [3, pp. 163–169]	<p>Economic security is “the state of the region's economy, ensuring the economic independence of the region under the influence of external factors, and the stable, sustainable, continuous development and growth of the region's economy”.</p>
4	A.M. Novak [4]	<p>The scientist's research analyzes the economic security of the regions of the Republic of Ukraine. Factors affecting the economic risk of regions are classified.</p>
5	G. Huber P. Rehm M. Schlesinger R. Valletta [5]	<p>In his scientific work, he classified and described the risks and dangers that affect the economic security of the region. He has conducted research on the Economic Security Index. Regions have considered factors affecting economic security.</p>

Compiled by the author as a result of research and analysis of scientific and theoretical literature.

Based on the above, it can be said that ensuring regional economic security implies the necessary measures to assess the impacts on the economy of the region and reduce their impact.

Research Methodology

This article uses methods such as verbal interpretation, statistical observation, induction and deduction, scientific abstraction of the scientific and theoretical bases of increasing the tax capacity in ensuring the economic security of the regions.

According to L. Bozorova, who conducted research on ways to increase the tax capacity of the regions to ensure the stability of budget revenues, the tax potential of the region - the tax for the period under analysis in the context of the legislation, the maximum probable amount of customs duties, as well as the amounts of additional tax payments calculated as a result of tax and customs

controls, i.e. the difference between the amount of actual taxes collected and the ability to potentially collect budget revenues [8, p. 480].

According to A. Simonov, a Russian scientist, the tax potential of the regions is closely linked to the production tax in the regions, i.e. the results of production activities of economic entities. In addition, the tax potential of the regions is the amount of the existing tax base, the level of tax levied on legally registered enterprises, business entities, the amount of income of individuals, the amount of added value created; it is expedient to characterize the existing property by its current value and the availability of natural resources of the area.

According to foreign scholars T. Saprikina and D. Lisitsky, the tax potential of the regions is a relative concept, which reflects the existing capacity to collect taxes planned to be collected in the regions of the country, which is the gross domestic product (GDP / GRP) is desirable to determine:

$$TP = \frac{\sum LA}{GRP} * 100\% \quad (1)$$

where: TP - tax potential (potential), in percent;
LA - the amount of general taxes;
GRP – Gross rating point.

Also, the interpretation of the definition of “potential” by foreign scholars in the field of finance and taxation I. Bernard, J.K. Colli is consistent with the definition that available funds are a set of potential opportunities [9, pp.35-39].

According to another group of scholars, “tax capacity” is determined by the ability of the tax base within a particular administrative unit to deliver tax revenues to the budget system of the state, region, local structures. [10]

Analysis and Results

The logical thinking based on the above showed that the system “financial potential → fiscal potential → tax potential” describes the structural system of tax potential.

Based on the results of the study, the tax potential of the region is influenced by the following groups: legal, resource-raw, production, organizational, infrastructural factors:

One of the factors influencing the tax potential of the regions is the existing system of legislation, which includes and establishes rules and procedures for tax administration, which are mandatory for all subjects of normative legal acts related to tax legislation at the regional level.

Thus, the territorial tax potential as a financial and economic category characterizes the capacity of the target tax system and tax regulation mechanism of a particular region.

Based on the analytical results on the topic, below we consider the indicators of the tax potential of Kashkadarya region, which is the object of study. These views can be seen in the example of the following analytical indicators on the share of taxes in state budget revenues in Kashkadarya region.

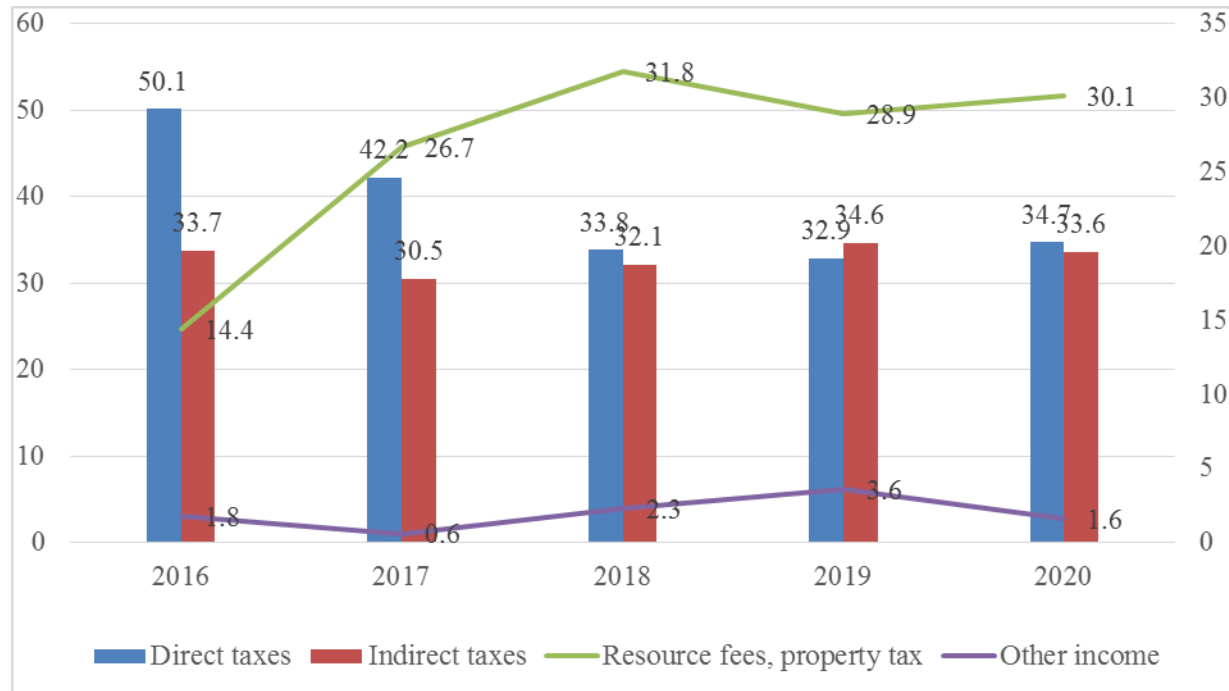


Figure 7. The share of taxes in state budget revenues in Kashkadarya region (*Compiled by the author*)

In the structure of the share of taxes in the revenues collected in the state budget in Kashkadarya region in 2016-2020, the main place was taken by direct and indirect taxes. In particular, in 2016, direct taxes accounted for 50.1% of tax revenues. In 2020, these taxes accounted for 34.7% of tax revenues of the budget. Indirect taxes also accounted for 33.7% of total taxes collected in 2016, compared to 33.6% in 2020. In the structure of tax revenues over the past five years, the volume of resource payments, property taxes in the region in 2020 increased by almost 16% compared to 2016 and amounted to 30.1%.

Conclusions and Suggestions

Based on the above scientific and theoretical views on increasing the tax capacity to ensure the economic security of the regions, as well as the analytical data considered on the example of Kashkadarya region, the following conclusions were formed:

Territorial tax potential is a set of indicators that quantify the level of tax collection in the region in the context of the implementation of inter-budgetary relations in the regions.

- Regional economic security is a set of indicators that characterize the state of economic development of the region, the degree of elimination of factors that negatively affect the economic development of regions, the degree of protection of economic sectors from external shocks. Ensuring regional economic security implies the assessment of the impacts on the economy of the region and the necessary measures to reduce their impact (negative impact).

- Taking into account that more than 90% of the main local budget revenues of Kashkadarya region are tax revenues, it is expedient to further expand production and services in the region.

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