

**IMPROVING THE EFFICIENCY OF TAX ADMINISTRATION AS A FACTOR IN INCREASING LOCAL BUDGET REVENUES IN UZBEKISTAN****Khodieva Fotima Anvarovna**<https://doi.org/10.5281/zenodo.20077974>

**Annotation.** This article examines the role of tax administration in increasing local budget revenues in the context of ongoing economic reforms in Uzbekistan. The study emphasizes that the financial sustainability of local budgets depends not only on tax rates and the number of taxpayers, but also on the quality of taxpayer registration, the accuracy of taxable base assessment, the reduction of tax arrears, and the effectiveness of digital tax control mechanisms. Particular attention is paid to the administration of property tax, land tax, personal income tax shares, and taxes related to entrepreneurial activity, as these sources directly influence the fiscal capacity and financial independence of regions. The article also highlights the importance of interagency data exchange, automated risk analysis, electronic invoices, online cash registers, and taxpayer-oriented services in identifying unused fiscal reserves and reducing the shadow economy. It is concluded that improving tax administration requires a balanced approach that combines revenue mobilization, taxpayer rights protection, digitalization, and fiscal decentralization in order to ensure sustainable socio-economic development of regions.

**Keywords:** tax administration, local budget revenues, fiscal decentralization, tax compliance, tax arrears, taxable base, property tax, land tax, digital tax services, shadow economy, fiscal capacity.

The effectiveness of tax administration is one of the key prerequisites for strengthening the revenue capacity of local budgets, ensuring fiscal stability, and improving the financial independence of local government authorities. In the context of ongoing economic reforms in Uzbekistan, increasing local budget revenues through more efficient tax administration has become particularly important, as it directly affects the ability of regions to finance social infrastructure, public services, local development programs, and investment-oriented initiatives.

The scientific significance of this topic lies in the need to examine the theoretical foundations and practical mechanisms for improving tax administration within the framework of the tax legislation of the Republic of Uzbekistan. In particular, the modernization of tax administration is closely related to the expansion of the tax base, the improvement of tax compliance, the reduction of tax arrears, the prevention of tax evasion, and the introduction of digital technologies into the activities of tax authorities. Recent changes in Uzbekistan's tax and budget policy for 2026 also strengthen the relevance of this issue, especially in terms of expanding the financial base of local budgets and improving interbudgetary revenue distribution mechanisms.

Local budget revenues represent financial resources formed mainly through assigned taxes, shared taxes, non-tax revenues, and interbudgetary transfers. From a theoretical perspective, the sustainability of local budget revenues depends not only on tax rates and the number of taxpayers, but also on the quality of tax administration, the completeness of tax registration, the accuracy of taxable base assessment, the effectiveness of tax control, and the level of voluntary compliance by taxpayers.

In Uzbekistan, the improvement of tax administration should be considered as an important factor in increasing the fiscal potential of regions. This includes the full and timely registration of taxable objects, the effective administration of property tax and land tax, the digital monitoring of business turnover, the wider use of electronic invoices and online cash registers, and the integration of tax databases with cadastral, banking, customs, and other state information systems. These mechanisms create opportunities to identify untapped tax potential at the local level and reduce losses caused by the shadow economy.

Special attention should be paid to the latest tax-related reforms aimed at strengthening local budget revenues. Starting from 2026, Uzbekistan introduced changes connected with the main directions of tax and budget policy, including amendments to the Tax Code and measures affecting the distribution of tax revenues. One of the important reforms is the redirection of a certain share of value-added tax revenues to local budgets, which is intended to increase the financial capacity of regions and support fiscal decentralization.

At the same time, the increase in local revenues should not be achieved solely through a higher tax burden. In accordance with the current direction of tax policy, improving tax administration requires maintaining a balance between fiscal interests and taxpayer rights. For example, from 1 January 2026, measures limiting the increase of the tax burden on individuals for property tax and land tax were introduced, which demonstrates the importance of ensuring social fairness while strengthening local budget revenues.

Therefore, increasing local budget revenues through more effective tax administration requires a comprehensive approach. This approach should include improving taxpayer services, expanding digital tax instruments, strengthening analytical risk assessment, reducing tax arrears, increasing transparency in tax relations, and improving cooperation between tax authorities and local government bodies. The introduction of artificial intelligence, automated risk analysis, and data-driven tax control can also improve the efficiency of tax collection without creating excessive administrative pressure on taxpayers.

International experience shows that local budgets with a stable and diversified revenue base are more resilient to fiscal shocks and are better able to finance regional socio-economic development. Therefore, improving tax administration and strengthening voluntary tax compliance are essential conditions for increasing the financial capacity of local budgets. In Uzbekistan, where tax and budget reforms are aimed at expanding fiscal decentralization, improving interbudgetary relations, and increasing the accountability of local authorities, the effective administration of local revenue sources has both theoretical and practical significance. Research in this area contributes to the development of scientifically grounded recommendations aimed at increasing local budget revenues, reducing the shadow economy, and improving the efficiency of public finance management.

The main indicators reflecting the efficiency of tax administration in increasing local budget revenues include the growth rate of tax receipts, the level of tax arrears, the completeness of taxpayer registration, the accuracy of taxable object accounting, the share of voluntarily paid taxes, the effectiveness of tax audits, and the degree of digitalization of tax control mechanisms. These indicators provide a quantitative basis for assessing the fiscal potential of territories and the ability of local budgets to finance social, infrastructure, and investment-related expenditures. A stable increase in revenues from property tax, land tax, personal income tax shares, turnover-related taxes, and other assigned or shared revenues strengthens the financial independence of local budgets.

Regular monitoring of tax administration indicators is an essential condition for identifying unused fiscal reserves at the local level. In particular, analysis of tax arrears, undeclared taxable objects, discrepancies between actual business turnover and reported tax liabilities, and the level of compliance among taxpayers allows tax authorities and local governments to assess the effectiveness of revenue mobilization. The use of electronic invoices, online cash registers, cadastral databases, automated risk analysis, and interagency data exchange makes it possible to improve the accuracy of tax control and reduce administrative costs. Therefore, a comprehensive system of tax administration indicators enables timely and well-grounded decisions aimed at increasing local budget revenues without creating an excessive tax burden.

In the process of ongoing economic reforms in Uzbekistan, several risks may negatively affect the growth of local budget revenues. These include the persistence of the shadow economy, incomplete registration of land and property objects, tax arrears, insufficient taxpayer discipline, uneven regional economic development, and limited use of digital analytical tools at the local

level. At the same time, recent tax policy changes require tax authorities to maintain a balance between strengthening budget revenues and protecting taxpayers' rights. In this regard, improving tax administration should be focused not only on increasing tax collection, but also on ensuring transparency, fairness, voluntary compliance, and the effective use of Uzbekistan's current tax legislation.

Effective risk management is therefore a necessary condition for increasing local budget revenues through improved tax administration. Tax authorities and local government bodies should develop flexible mechanisms for identifying unused fiscal reserves, reducing tax arrears, expanding the tax base, and improving voluntary compliance. In the context of Uzbekistan's current tax legislation, particular importance should be attached to the full registration of taxable objects, the digital monitoring of taxpayers' activities, and the prevention of tax evasion without increasing excessive administrative pressure on business entities and individuals. The 2026 tax and budget policy changes also emphasize the need to strengthen local revenue bases through improved tax distribution and administration mechanisms.

The instruments for improving the efficiency of tax administration include digital tax services, electronic invoices, online cash registers, automated risk analysis, interagency data exchange, taxpayer segmentation, and preventive tax control. In the short term, these measures help increase tax collection, reduce arrears, improve the accuracy of taxable base assessment, and ensure timely inflows to local budgets. In the long term, they contribute to the formation of a stable and diversified revenue base for local budgets, strengthen fiscal decentralization, and increase the financial independence of regions. From 2026, the allocation of part of VAT revenues to local budgets further increases the importance of effective regional tax administration.

A balanced combination of traditional and innovative tax administration instruments is necessary to increase local budget revenues. Traditional mechanisms, such as tax registration, tax audits, debt collection, and control over property and land tax objects, should be complemented by modern digital solutions based on big data, artificial intelligence, and automated risk assessment. In this context, the effectiveness of tax administration depends on the ability of tax authorities to accurately assess regional tax potential, forecast revenue dynamics, identify shadow economic activity, and maintain a fair balance between fiscal interests and taxpayer rights. Thus, improving tax administration is one of the key directions for strengthening local public finance in Uzbekistan.

Ensuring the stability and predictability of local budget revenues is one of the priority objectives of tax and budget reforms in Uzbekistan. The revenue capacity of local budgets is directly influenced by the level of business activity, the completeness of taxpayer registration, the quality of cadastral and property records, inflationary processes, and changes in tax policy. If taxable objects are not fully registered or business turnover is partially hidden, local budgets lose significant fiscal resources. Therefore, improving tax administration, expanding digital control tools, and increasing taxpayer compliance are important factors in strengthening local budget revenues and supporting sustainable socio-economic development of regions.

Macroeconomic and fiscal stability plays a significant role in increasing local budget revenues through effective tax administration. In countries undergoing economic transformation, including Uzbekistan, inflationary pressure, uneven regional development, fluctuations in business activity, and the persistence of the shadow economy may reduce the predictability of local budget revenues. In this regard, tax authorities and local government bodies should develop administrative mechanisms that ensure the full registration of taxable objects, accurate assessment of the tax base, and timely collection of taxes. Particular attention should be paid to property tax, land tax, personal income tax shares, turnover-related payments, and other revenues assigned to or shared with local budgets. The 2026 State Budget Law of Uzbekistan specifically includes forecasts for the revenues and expenditures of the budgets of the Republic of Karakalpakstan, regions, and Tashkent city, as well as provisions on interbudgetary transfers.

In the process of improving tax administration, the role of the state tax authorities is particularly important. Tax authorities act as the main institutional mechanism responsible for ensuring the completeness, timeliness, and legality of tax revenues. Through taxpayer registration, desk audits, field tax audits, risk analysis, digital monitoring, and enforcement measures, they create the necessary administrative conditions for expanding the revenue base of local budgets. In addition, the use of electronic invoices, online cash registers, cadastral information, banking data, and interagency information exchange directly influences the accuracy of taxable base identification and the effectiveness of local revenue mobilization. The Tax Code of the Republic of Uzbekistan forms the legal basis for these tax administration mechanisms.

The regulatory and supervisory functions of tax authorities contribute to strengthening tax discipline and increasing voluntary compliance among taxpayers. Regular monitoring of tax liabilities, analysis of tax arrears, identification of unregistered business activity, assessment of discrepancies in reported turnover, and application of automated risk-based control reduce the probability of revenue losses in local budgets. During periods of economic instability, tax administration should not be limited to fiscal pressure; rather, it should rely on preventive control, taxpayer services, transparency, and legal certainty. Therefore, institutional coordination between tax authorities, local governments, cadastral bodies, banks, and other public institutions is essential for identifying unused fiscal reserves and ensuring sustainable growth of local budget revenues.

Fiscal policy also has a direct and indirect impact on the formation of local budget revenues. Tax rates, tax benefits, public expenditures, interbudgetary transfers, social payments, investment programs, and regional development policies influence the taxable capacity of territories and the level of business activity. A well-balanced fiscal policy creates favorable conditions for expanding the local tax base, increasing taxpayer compliance, and strengthening the financial independence of regions. At the same time, excessive tax pressure, inefficient tax incentives, incomplete tax accounting, or weak administration may reduce the fiscal potential of local budgets. Therefore, improving tax administration in Uzbekistan should be closely linked with current tax legislation, fiscal decentralization, digital transformation, and the objective of increasing local budget revenues without imposing an excessive burden on taxpayers.

In the context of economic reforms in Uzbekistan, the coordination of tax, budgetary, and regional development policies is necessary to improve the efficiency of tax administration and increase local budget revenues. Stable tax legislation, predictable fiscal policy, effective interbudgetary relations, and digital transformation of tax administration create favorable conditions for expanding the revenue base of local budgets. Thus, the growth of local budget revenues depends not only on tax rates or the number of taxpayers, but also on the quality of tax administration, institutional coordination, transparency of fiscal relations, and the level of trust between taxpayers, tax authorities, and local government bodies.

High dependence of local budgets on interbudgetary transfers and unstable revenue sources may limit the financial independence of regions and reduce their ability to finance long-term socio-economic development programs. An insufficiently diversified local revenue base weakens the fiscal flexibility of local budgets and increases their vulnerability to economic fluctuations. In such conditions, local authorities may face difficulties in financing infrastructure projects, social services, and regional investment initiatives. Therefore, prudent and efficient tax administration is essential for strengthening the sustainability of local budgets and increasing the fiscal capacity of territories.

An effective tax administration strategy should be closely linked with the broader priorities of fiscal decentralization, regional development, and public finance reform. The expansion of the local tax base allows regions to increase financing for infrastructure modernization, entrepreneurship support, social facilities, public utilities, and other priority areas of territorial development. At the same time, excessive reliance on administrative pressure or tax burden

growth may negatively affect business activity and reduce taxpayers' willingness to comply voluntarily. Thus, tax authorities and local governments need to ensure an optimal balance between revenue mobilization, taxpayer rights, business development, and the long-term sustainability of local budget revenues.

Taxes paid by individuals and business entities play a significant role in expanding the revenue base of local budgets. The growth of transparent business turnover, formal employment, registered property and land objects, and voluntary tax compliance contributes to the mobilization of internal fiscal resources at the local level. However, if tax administration mechanisms do not correspond to the real economic capacity of taxpayers, regional development conditions, and the principles of fairness and transparency, the potential for increasing local revenues may remain limited. Therefore, it is necessary to improve taxpayer services, introduce risk-based control, expand digital tax instruments, and apply differentiated approaches that take into account the specific features of different regions and taxpayer groups.

Taxes paid by business entities are an important component of the revenue base of local budgets. They reflect the level of entrepreneurial activity, the degree of formalization of business turnover, and the effectiveness of interaction between taxpayers, tax authorities, and local government bodies. To increase the volume and stability of tax revenues from corporate taxpayers, it is necessary to improve taxpayer services, simplify digital reporting procedures, expand the use of electronic invoices and online cash registers, and strengthen transparent settlement and payment mechanisms. Such measures can improve tax compliance, reduce the shadow turnover of enterprises, and ensure more stable inflows of revenues to local budgets.

Taxpayer confidence is one of the most important factors influencing the effectiveness of tax administration. Transparency of tax procedures, protection of taxpayer rights, predictability of tax legislation, quality of advisory services, and the level of tax literacy directly affect the willingness of individuals and business entities to voluntarily fulfill their tax obligations. In this regard, tax authorities should strengthen communication with taxpayers, provide clear explanations of tax changes, ensure the security of digital tax platforms, and apply preventive rather than purely punitive control measures. Increasing trust in the tax system creates favorable conditions for transforming the real fiscal potential of regions into stable local budget revenues.

Theoretical approaches to tax administration emphasize the relationship between fiscal capacity, tax compliance, administrative efficiency, and fairness of taxation. The theory of public finance explains the role of taxes in forming budget revenues and financing public goods, while the concept of fiscal decentralization highlights the importance of strengthening the revenue autonomy of local budgets. Institutional theory focuses on the importance of trust, transparency, and legal certainty in relations between the state and taxpayers. These theoretical approaches provide a methodological basis for developing effective mechanisms of tax administration aimed at expanding the revenue base of local budgets.

In the context of economic reforms in Uzbekistan, increasing local budget revenues through improved tax administration requires a systematic and scientifically grounded approach. Tax authorities and local governments should combine traditional administrative instruments with innovative digital solutions, risk-based control, taxpayer segmentation, interagency data exchange, and analytical forecasting of regional fiscal potential. As a result, a stable, diversified, and predictable revenue base of local budgets can be formed, which will support fiscal decentralization, strengthen the financial independence of regions, and contribute to sustainable socio-economic development.

The effectiveness of tax administration in increasing local budget revenues depends not only on the total volume of collected taxes, but also on the ability of tax authorities and local governments to manage revenue flows in accordance with the phases of economic development. During periods of economic slowdown, local budgets may face a decline in business activity, lower household incomes, reduced taxable turnover, and an increase in tax arrears. In such conditions, tax administration should be aimed at maintaining taxpayer confidence, improving

advisory services, supporting voluntary compliance, and preventing the expansion of the shadow economy. Conversely, during periods of economic expansion, tax authorities should focus on the full registration of newly created taxable objects, transparent accounting of business turnover, and the formation of a stable long-term revenue base for local budgets.

In the process of economic reforms, tax administration should have a countercyclical and adaptive character. This means that tax authorities must develop mechanisms that support the stability of local budget revenues during unfavorable economic conditions and prevent excessive administrative pressure during periods of rapid growth. For example, the use of risk-based tax control, preventive monitoring, digital taxpayer services, tax debt restructuring mechanisms, and targeted work with high-risk taxpayer groups can help stabilize revenue inflows. At the same time, an excessively strict approach based only on punitive measures may reduce business activity, weaken taxpayer confidence, and negatively affect the long-term fiscal potential of local budgets.

Institutional coordination plays an important role in improving the efficiency of tax administration and strengthening the revenue base of local budgets. The interaction between tax authorities, local government bodies, the Ministry of Economy and Finance, cadastral authorities, banks, customs bodies, and other state institutions creates the necessary conditions for identifying taxable objects, reducing tax evasion, and ensuring timely budget revenues. Clear legal norms, transparent administrative procedures, effective interagency data exchange, and the integration of digital information systems allow tax authorities to assess regional fiscal potential more accurately. In addition, coordinated actions aimed at supporting macroeconomic stability, business development, and fair tax burden distribution contribute to the sustainable growth of local budget revenues.

The development of formal and informal institutional mechanisms is also important for improving tax administration at the local level. These mechanisms may include joint analytical platforms, regional fiscal monitoring systems, regular assessment of local tax potential, taxpayer education programs, and measures to improve tax literacy among individuals and business entities. Regular monitoring of taxpayer behavior, business turnover, land and property records, and tax arrears helps tax authorities and local governments adapt administrative measures to the real economic conditions of each region. As a result, local budgets can strengthen their revenue base, increase fiscal independence, and ensure more stable financing of socio-economic development programs.

In Uzbekistan, ongoing economic reforms have created new opportunities for strengthening local public finance and expanding the revenue base of local budgets. The modernization of tax administration, digitalization of tax services, development of interagency information exchange, and gradual improvement of interbudgetary relations have increased the importance of effective local revenue management. At the same time, the persistence of the shadow economy, incomplete registration of land and property objects, uneven regional development, tax arrears, and insufficient tax literacy among taxpayers remain important factors limiting the growth of local budget revenues.

The expansion of digital tax administration and the transition to more transparent fiscal mechanisms have improved the ability of tax authorities to identify taxable objects, monitor business turnover, and assess regional fiscal potential. However, these processes also require more advanced risk-based control, better coordination between tax authorities and local governments, and stronger protection of taxpayer rights. In this context, particular attention should be paid to increasing revenues from property tax, land tax, personal income tax shares, and taxes related to entrepreneurial activity, as these sources form an important foundation for the financial independence of local budgets.

Therefore, increasing local budget revenues through improved tax administration during economic reforms requires a comprehensive and scientifically grounded approach. This approach should include adaptive tax administration, institutional coordination, fiscal decentralization,

expansion of digital tax services, reduction of tax arrears, improvement of taxpayer services, and strengthening of tax literacy. The implementation of these measures will contribute to expanding the revenue potential of local budgets, increasing the transparency and fairness of taxation, strengthening regional financial independence, and supporting sustainable socio-economic development in Uzbekistan.

Table.

**Theoretical structure for analyzing the efficiency of tax administration in increasing local budget revenues during economic reforms**

<b>№</b>	<b>Indicator related to tax administration and local budget revenues</b>	<b>Direction of analysis</b>	<b>Scientific explanation</b>
1	<b>Total volume of local budget revenues</b>	Assessing the dynamics of revenues formed at the local budget level	The total volume of local budget revenues reflects the fiscal capacity of regions and their ability to finance socio-economic development programs, infrastructure, and public services.
2	<b>Growth rate of tax revenues</b>	Analyzing annual changes in tax receipts to local budgets	The growth rate of tax revenues shows the effectiveness of tax administration, the expansion of the tax base, and the improvement of revenue mobilization mechanisms.
3	<b>Structure of local budget revenues</b>	Evaluating the share of assigned taxes, shared taxes, non-tax revenues, and interbudgetary transfers	The revenue structure determines the degree of financial independence of local budgets and the stability of their fiscal base.
4	<b>Share of property tax revenues</b>	Assessing the role of property tax in forming local budget revenues	Property tax is an important local revenue source and reflects the completeness of property registration, cadastral valuation, and tax administration efficiency.
5	<b>Share of land tax revenues</b>	Analyzing revenues collected from land tax and the quality of land accounting	Land tax revenues indicate the effectiveness of land resource registration, cadastral data accuracy, and the fiscal use of local territorial resources.
6	<b>Level of tax arrears</b>	Examining unpaid tax liabilities and overdue payments to the budget	The level of tax arrears reflects weaknesses in tax collection, taxpayer discipline, and enforcement mechanisms. Reducing tax arrears is an important condition for increasing local budget revenues.
7	<b>Completeness of taxpayer registration</b>	Evaluating the registration of individuals, business entities, and taxable objects	Complete taxpayer registration expands the tax base, reduces informal economic activity, and increases the potential for stable local budget revenues.

8	<b>Accuracy of taxable base assessment</b>	Analyzing the correctness of declared income, turnover, property value, and land use data	Accurate assessment of the taxable base ensures fair taxation, prevents revenue losses, and improves the reliability of local budget planning.
9	<b>Level of voluntary tax compliance</b>	Assessing taxpayers' willingness to fulfill tax obligations without coercive measures	A high level of voluntary compliance reduces administrative costs, increases tax collection efficiency, and strengthens trust between taxpayers and tax authorities.
10	<b>Effectiveness of digital tax administration</b>	Assessing the use of electronic invoices, online cash registers, digital reporting, and automated risk analysis	Digital tax administration improves transparency, reduces human error, limits tax evasion, and increases the efficiency of tax control.
11	<b>Tax revenue-to-local expenditure ratio</b>	Comparing local tax revenues with the expenditure needs of local budgets	This ratio shows the extent to which local expenditures are financed through own and assigned revenue sources, reflecting the financial independence of regions.
12	<b>Level of taxpayer trust in the tax system</b>	Evaluating taxpayer behavior, satisfaction with tax services, and perception of fairness	Taxpayer trust is a fundamental factor in strengthening voluntary compliance, reducing the shadow economy, and ensuring sustainable growth of local budget revenues.

The analysis of the indicators presented in Table 1 provides a comprehensive theoretical framework for evaluating the efficiency of tax administration in increasing local budget revenues during the process of economic reforms. The total volume of local budget revenues serves as a fundamental indicator of the fiscal capacity of regions, reflecting their ability to finance social infrastructure, public services, regional development programs, and investment projects. A steady increase in local revenues indicates the expansion of the tax base, improvement of tax collection mechanisms, and strengthening of fiscal decentralization. Conversely, weak growth or instability in local budget revenues may signal insufficient tax administration, incomplete registration of taxable objects, a high level of tax arrears, or the persistence of the shadow economy.

The growth rate of tax revenues is one of the most important indicators for assessing the effectiveness of tax administration at the local level. Sustainable growth in tax receipts demonstrates the ability of tax authorities and local governments to mobilize internal fiscal resources and ensure timely budget inflows. In economies undergoing structural transformation, such as Uzbekistan, the growth of local budget revenues is directly influenced by business activity, household income, cadastral and property registration, tax discipline, digital tax services, and the quality of interagency data exchange. Therefore, systematic analysis of tax revenue growth enables public authorities to identify fiscal reserves, assess regional tax potential, and improve local revenue management strategies.

The structure of local budget revenues plays a central role in determining the stability and financial independence of regions. A high share of own and assigned revenues, including property tax, land tax, personal income tax shares, and taxes related to entrepreneurial activity, allows local budgets to reduce dependence on interbudgetary transfers and strengthen their ability to finance long-term development priorities. At the same time, excessive dependence on unstable or transfer-based revenues may increase fiscal vulnerability and limit the capacity of

regions to plan expenditures independently. Thus, optimizing the structure of local budget revenues is an essential condition for improving the sustainability of local public finance.

Revenues from individuals and business entities are an important component of the local budget revenue base, as they reflect the level of economic activity, formal employment, property ownership, land use, and taxpayer compliance in each region. The expansion of these revenues contributes to the mobilization of internal fiscal resources and reduces the dependence of local budgets on central government support. In this regard, improving taxpayer services, ensuring transparency of tax procedures, strengthening digital tax administration, reducing tax arrears, and increasing tax literacy are important factors for expanding local budget revenues and improving the effectiveness of tax administration in Uzbekistan.

Tax revenues from business entities also have significant importance in the formation of the revenue base of local budgets. They reflect the level of entrepreneurial activity, the degree of business formalization, the quality of tax administration, and the effectiveness of cooperation between tax authorities, local governments, and the real sector of the economy. Stable tax revenues from enterprises allow local budgets to finance infrastructure projects, support entrepreneurship, improve public services, and implement regional development programs. Therefore, improving digital reporting systems, electronic invoices, online cash registers, transparent payment mechanisms, and taxpayer services is essential for strengthening long-term cooperation between the state and business entities.

The level of administrative costs and tax collection efficiency is another key indicator of tax administration effectiveness. Excessive administrative costs, complex procedures, and excessive control measures may reduce the efficiency of revenue mobilization and negatively affect the business environment. At the same time, weak control and insufficient taxpayer monitoring may lead to tax evasion, growth of arrears, and losses in local budget revenues. Therefore, tax authorities should pursue a balanced administration policy that ensures both reliable budget revenue collection and protection of taxpayer rights. In this context, the efficiency of tax administration depends not only on the volume of collected taxes, but also on the cost of administration, stability of revenues, quality of taxpayer services, and transparency of tax procedures.

Overall, the indicators presented in Table 1 make it possible to evaluate the role of tax administration in increasing local budget revenues from both quantitative and qualitative perspectives. Their comprehensive analysis helps identify the strengths and weaknesses of local revenue mobilization, assess fiscal risks, reveal unused tax potential, and develop scientifically grounded recommendations for improving local budget sustainability. In the context of economic reforms in Uzbekistan, increasing the efficiency of tax administration is an important factor in strengthening fiscal decentralization, expanding the financial independence of regions, and ensuring sustainable socio-economic development.

The efficiency of tax administration directly reflects the ability of public authorities to mobilize internal fiscal resources and use them effectively in the process of economic reforms. A stable and sufficient revenue base strengthens the financial capacity of local budgets, expands their ability to finance regional priorities, and supports the development of social and economic infrastructure. In this regard, the formation of an effective tax administration strategy requires aligning revenue mobilization mechanisms with the real economic potential of regions, the income level of the population, business activity, inflation dynamics, and the general level of trust in the tax system.

The structure and stability of local budget revenues are crucial indicators of the financial sustainability of regions. While one-time or unstable revenues may temporarily improve budget execution, stable and diversified tax revenues create a more reliable foundation for financing infrastructure projects, social services, and long-term regional development programs. Excessive dependence on interbudgetary transfers or irregular revenue sources can weaken the financial independence of local budgets and increase fiscal risks. Therefore, tax authorities and local

governments should improve revenue management strategies by diversifying local revenue sources, strengthening the administration of property and land taxes, reducing tax arrears, and maintaining an optimal balance between revenue mobilization and taxpayer capacity.

The sectoral and taxpayer composition of local budget revenues provides important insights into the quality and sustainability of the regional revenue base. A high share of revenues generated from formal business activity, registered property, land use, and personal income tax strengthens the fiscal capacity of regions and reduces dependence on centralized financial support. At the same time, revenues collected from different taxpayer groups, including individuals, small businesses, large enterprises, and service-sector entities, help reduce concentration risks and ensure more stable budget inflows. To achieve this, tax authorities need to improve taxpayer segmentation, expand digital monitoring, increase transparency in tax relations, and apply differentiated administrative approaches based on the economic characteristics of each region.

Digitalization and innovation play an important role in improving the efficiency of tax administration during economic reforms. Electronic invoices, online cash registers, digital tax reporting, remote taxpayer services, automated risk analysis, and interagency data exchange make tax administration more transparent, convenient, and effective. In addition, tax literacy programs, advisory services, protection of taxpayer rights, and predictable application of tax legislation can strengthen public confidence and encourage voluntary tax compliance. Thus, improving tax administration contributes to the expansion of local budget revenues, the reduction of the shadow economy, and the sustainable socio-economic development of regions.

In conclusion, increasing local budget revenues through the improvement of tax administration is one of the most important directions for strengthening public finance in Uzbekistan during the period of economic reforms. The analysis shows that the stability and growth of local revenues depend not only on the volume of taxes collected, but also on the quality of taxpayer registration, the accuracy of taxable base assessment, the effectiveness of digital control mechanisms, and the level of voluntary tax compliance. Therefore, modern tax administration should be considered as a strategic instrument for expanding the fiscal capacity of regions and ensuring the sustainable financing of socio-economic development programs.

The improvement of tax administration requires a comprehensive approach based on the coordination of tax, budgetary, and regional development policies. In this context, particular attention should be paid to the effective administration of property tax, land tax, personal income tax shares, and taxes related to entrepreneurial activity, as these sources directly influence the financial independence of local budgets. At the same time, reducing tax arrears, identifying unregistered taxable objects, formalizing business activity, and improving interagency data exchange are essential conditions for increasing the revenue potential of regions.

Digitalization plays a decisive role in improving the efficiency of tax administration. The use of electronic invoices, online cash registers, digital reporting systems, automated risk analysis, cadastral databases, and interagency information exchange makes it possible to increase transparency, reduce the shadow economy, and improve the accuracy of tax control. However, the strengthening of administrative mechanisms should not lead to excessive pressure on taxpayers. On the contrary, the development of taxpayer services, legal certainty, protection of taxpayer rights, and tax literacy should become key elements of modern tax administration.

Thus, effective tax administration serves as an institutional basis for increasing local budget revenues, strengthening fiscal decentralization, and improving the financial independence of regions. The formation of a stable, diversified, and predictable revenue base of local budgets will allow local authorities to finance infrastructure, social services, entrepreneurship support, and regional development programs more effectively. Therefore, the further improvement of tax administration in Uzbekistan should be aimed at ensuring a balance between fiscal interests, taxpayer rights, business development, and sustainable socio-economic growth.

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