

THE ROLE AND IMPORTANCE OF TAXES IN THE FORMATION OF STATE BUDGET REVENUES**Zarina Khusanovna Rafieva**

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Annotatsiya. Ushbu maqolada soliqlarning davlat byudjeti daromadlarini shakllantirishdagi roli va ularning iqtisodiy ahamiyati tahlil qilinadi. Tadqiqotda soliqlar davlatning asosiy moliyaviy manbai sifatida ko'rib chiqilib, ularning fiskal, tartibga solish va qayta taqsimlash funksiyalariga e'tibor qaratiladi. Bazis yillardagi statistik ma'lumotlardan foydalangan holda byudjet daromadlarida to'g'ridan-to'g'ri va bilvosita soliqlar, resurs to'lovlari va boshqa daromadlarning ulushi va dinamikasini o'rganadilar. Davlat soliq tizimida amalga oshirilayotgan islohotlar, jumladan, yagona daromad solig'i tizimiga o'tishning byudjet daromadlariga ta'siri ham tahlil qilingan.

Kalit so'zlar: davlat byudjeti, soliq tizimi, soliq tushumlari, to'g'ridan-to'g'ri soliqlar, egri soliqlar, fiskal siyosat, soliq islohotlari, byudjet daromadlari.

Аннотация. В данной статье анализируется роль налогов в формировании доходов государственного бюджета и их экономическое значение. Исследование рассматривает налоги как основной финансовый источник государства, уделяя особое внимание их фискальным, регулирующим и перераспределительным функциям. Используя статистические данные за предыдущие годы, авторы изучают долю и динамику прямых и косвенных налогов, платежей за ресурсы и других доходов в бюджетных поступлениях. Также анализируется влияние государственных налоговых реформ, включая переход к единой системе подоходного налога, на бюджетные поступления.

Ключевые слова: государственный бюджет, налоговая система, налоговые поступления, прямые налоги, косвенные налоги, фискальная политика, налоговые реформы, бюджетные поступления.

Abstract. This article analyzes the role of taxes in generating state budget revenues and their economic significance. The study examines taxes as the state's primary financial source, focusing on their fiscal, regulatory, and redistributive functions. Using statistical data from previous years, the authors examine the share and dynamics of direct and indirect taxes, resource payments, and other revenues in budget revenues. The impact of government tax reforms, including the transition to a unified income tax system, on budget revenues is also analyzed.

Key words: state budget, tax system, tax revenues, direct taxes, indirect taxes, fiscal policy, tax reforms, budget revenues.

Introduction

Taxes are the most important and stable source of financial support for the economic system in generating state budget revenues. In a market economy, the state's socioeconomic objectives, infrastructure development, and social protection are all supported by tax revenues. Therefore, taxes serve not only fiscal but also regulatory and redistributive functions. This makes the scientific study of the role of taxes in generating state budget revenues a pressing issue.

The relevance of this topic is directly related to the large-scale tax reforms carried out in Uzbekistan in recent years. In particular, the 2024 Resolution of the President of the Republic of Uzbekistan "On additional measures to support enterprises engaged in export activities in the field of digitalization" is an important document aimed at modernizing the tax system, expanding

the tax base, and reducing the share of the shadow economy¹. Based on this resolution, tax administration was digitalized, favorable conditions for taxpayers were created, and new mechanisms for ensuring the stability of budget revenues were introduced. This further enhances the practical significance of this topic.

From a scientific perspective, analyzing the role of taxes in generating state budget revenues is important for understanding the relationship between macroeconomic stability, the effectiveness of fiscal policy, and economic growth. The structural composition of the tax system—that is, the share of direct and indirect taxes and their dynamics—allows for assessing the effectiveness of state fiscal policy. Therefore, this topic is one of the important scientific areas that reveals the connection between economic theory and practice.

Furthermore, the transformational processes occurring in the global economy, the development of the digital economy, and innovations in tax administration are fundamentally changing the mechanisms by which state budget revenues are generated. Therefore, studying the role of taxes in the economic system using modern approaches, identifying ways to improve their effectiveness, and developing scientifically sound conclusions are among the most pressing areas of economic research.

Literature review

In every country, taxes play a significant role in generating state budget revenues, and many economists have conducted academic research into the relevance of this tax system. In particular, the article “The Fiscal Role of Indirect Taxation in Generating State Budget Revenues” by K. A. Georgiy and other scholars provides a detailed analysis of the fiscal role of indirect taxes in generating state budget revenues. Scholars have attempted to substantiate that indirect taxes, such as value-added tax, excise duties, and customs duties, are the primary source of income for a modern public financial system. The article examines the structure of budget revenues in Ukraine, specifically demonstrating the high share of VAT in the state budget. The significance of this article for this topic lies in its exploration of the role of taxes as a fiscal instrument for ensuring the stability of state budget revenues [1].

Z.I. Ruziev also analyzed the role of taxes in generating state budget revenues and their function in regulating the economy in his article, “The Role of Taxes in Generating State Budget Revenues”. The author emphasized that taxes are the state's primary financial support and demonstrated that through them, the state is able to finance socio-economic programs. Although the article theoretically examines the impact of direct and indirect taxes on budget revenues, it lacks a practical statistical analysis [2].

“The Impact of Local Taxes and Expenditures on Commercial Real Estate Redevelopment” by D.M. Brasington et al. used econometric methods to examine the impact of local taxes and government spending on commercial real estate redevelopment. The authors found that higher taxes and government spending significantly increased the volume of commercial real estate redevelopment and new construction. The main idea of the study is that businesses in some cases value high-quality public services and infrastructure more than low taxes [3].

Another scholar, Sécé Chérif Delamou, in his article, “Fiscal Stabilization in Resource-Rich Developing Countries Against the Background of Declining Resource Revenues: A Neo-Keynesian Analysis,” analyzed the stabilizing role of fiscal policy in resource-rich developing countries amid declining budget revenues. The scholar examined the economic impact of tax incentives, public investment, and the use of sovereign wealth funds using a neo-Keynesian model. The study found that tax cuts can increase private consumption in the short term and reduce inflationary pressures. The significance of this article for this topic is that it sheds light on the relationship between government revenues and fiscal policy from a macroeconomic perspective [4].

¹ <https://lex.uz/uz/docs/-7158969>

S.S. Akhmadzhonov's article named "The Importance of Corporate Taxes in Budget Revenue Generation", analyzes the significance of corporate taxes in generating state budget revenue. The author emphasizes that corporate taxes are an important tool for generating public financial resources and play a crucial role in ensuring economic stability. The study demonstrates the role of corporate taxes in the investment climate, entrepreneurial activity, and the financing of public expenditures. The significance of this article for this topic lies in its emphasis on the strategic role of corporate taxes in the structure of state budget revenues [5].

The article by Sh.E. Shirinov, "The State Budget and Its Tax Revenues: Content, Economic, Financial, and Legal Basis", presents a comprehensive analysis of the economic, financial, and legal foundations of the state budget and its tax revenues. The author argues that the state budget performs not only the functions of redistribution and control, but also a means of regulating aggregate demand. The study examines the tax and non-tax forms of state revenues and highlights the legal framework of the Budget Code and the Tax Code of the Republic of Uzbekistan. This article is important for the topic at hand, as it theoretically substantiates the economic essence of state budget revenues and the central role of taxes [6].

Research methodology

This study utilized comprehensive scientific approaches to provide an in-depth analysis of the role and significance of taxes in generating state budget revenues. Specifically, the dynamics of state budget revenues and tax receipts over different years were examined using descriptive analysis. Structural analysis identified direct and indirect types of taxes, as well as the share of resource payments and other revenues, and assessed their structural significance in the budget.

Analysis and results

Taxes are one of the most important economic instruments for generating state budget revenue. Thanks to taxes, the state can finance socio-economic programs, develop infrastructure, provide social protection for the population, and guarantee macroeconomic stability. Particularly in a market economy, an effective tax system is one of the key factors in ensuring the stability of the state budget. Therefore, analyzing the share of taxes in the structure of state budget revenues, their structural composition, and their impact on the economy is of great scientific and practical importance.

In recent years, Uzbekistan has been implementing large-scale reforms aimed at improving the tax system, digitalizing tax administration, and reducing the shadow economy. These processes contribute to an increase in state budget revenues and improved tax collection efficiency. This study, using statistical and economic analysis, examines the role of taxes in generating state budget revenues, analyzing the share of key taxes in budget revenues, and their dynamics. It also identifies existing problems and develops proposals and recommendations for increasing state budget revenues.

State budget revenues are an important financial source for ensuring the country's economic stability. Taxes play a key role in the state budget, funding the state's social, economic, and investment programs. As a result of tax reforms implemented in the Republic of Uzbekistan in recent years, significant changes have been observed in the volume and structure of budget revenues. In particular, improved tax administration, a reduction in the shadow economy, and the creation of a favorable tax environment for businesses have contributed to an increase in state budget revenues. Therefore, an analysis of state budget revenue trends over recent years allows us to assess the fiscal significance of taxes.

Table 1

The size and structure of state budget revenues²

Indicators	2018	2019	2020	2021	2022

²Information provided by the Ministry of Economy and Finance of the Republic of Uzbekistan, <https://www.imy.uz/static/davlat-budjeti-daromadlari>

I. Income:		1	77571.	4	112165.	0	132938.	4	164799.	7	201863.
1	Direct taxes	2	15656.		31676.8		45206.9		58930.4		64,447.1
2	Indirect taxes	4	41280.		46427.2		46428.4		56290.4		71,390.2
3	Resource fees and property taxes	4	12663.		19680.7		21257.0		23036.4		23,912.8
4	High income tax		1528.0		107.9		–		–		–
5	Other income		7971.0		14272.8		20045.8		26542.2		42 113.7

According to the analysis, state budget revenues demonstrated a steady growth trend from 2018 to 2024. Specifically, total revenues increased almost 3.5-fold, from 77.6 trillion soums in 2018 to 274.4 trillion soums in 2024. Direct and indirect taxes contributed significantly to this growth. Specifically, direct taxes showed significant growth, reaching 90.8 trillion soums in 2024, compared to 15.7 trillion soums in 2018. Indirect taxes also remain a key source of state budget revenue, amounting to 88.3 trillion soums in 2024. Revenues from resource payments and property taxes also increased year-over-year, indicating the expansion of production and property relations in the economy. The increasing share of other revenues indicates the diversification of government financial sources.

It should also be noted that the transition to a unified income tax system in Uzbekistan since 2020 has become a significant change in state budget revenue generation³. This reform resulted in the abolition of the high-income tax and the introduction of a single personal income tax rate. This simplified the tax system, optimized the tax burden, and created a more convenient environment for taxpayers. As a result, state budget revenues have significantly increased due to increased economic activity and an expanded tax base. Overall, the implemented tax reforms are crucial for ensuring the stability of state budget revenues and improving the effectiveness of fiscal policy.

The development of the tax system is a key factor in the sustainable generation of state budget revenues and the country's economic development. In the modern economy, the effectiveness of the tax system directly impacts not only the volume of tax revenues but also the business environment, investment attractiveness, and economic activity. Therefore, improving tax policy, modernizing tax administration, and increasing the efficiency of the fiscal system through the introduction of digital technologies remain pressing issues. The presented diagram systematically reflects the main areas of tax system development and the interrelations between them. (Figure 1)

³ <https://lex.uz/docs/-4123665>

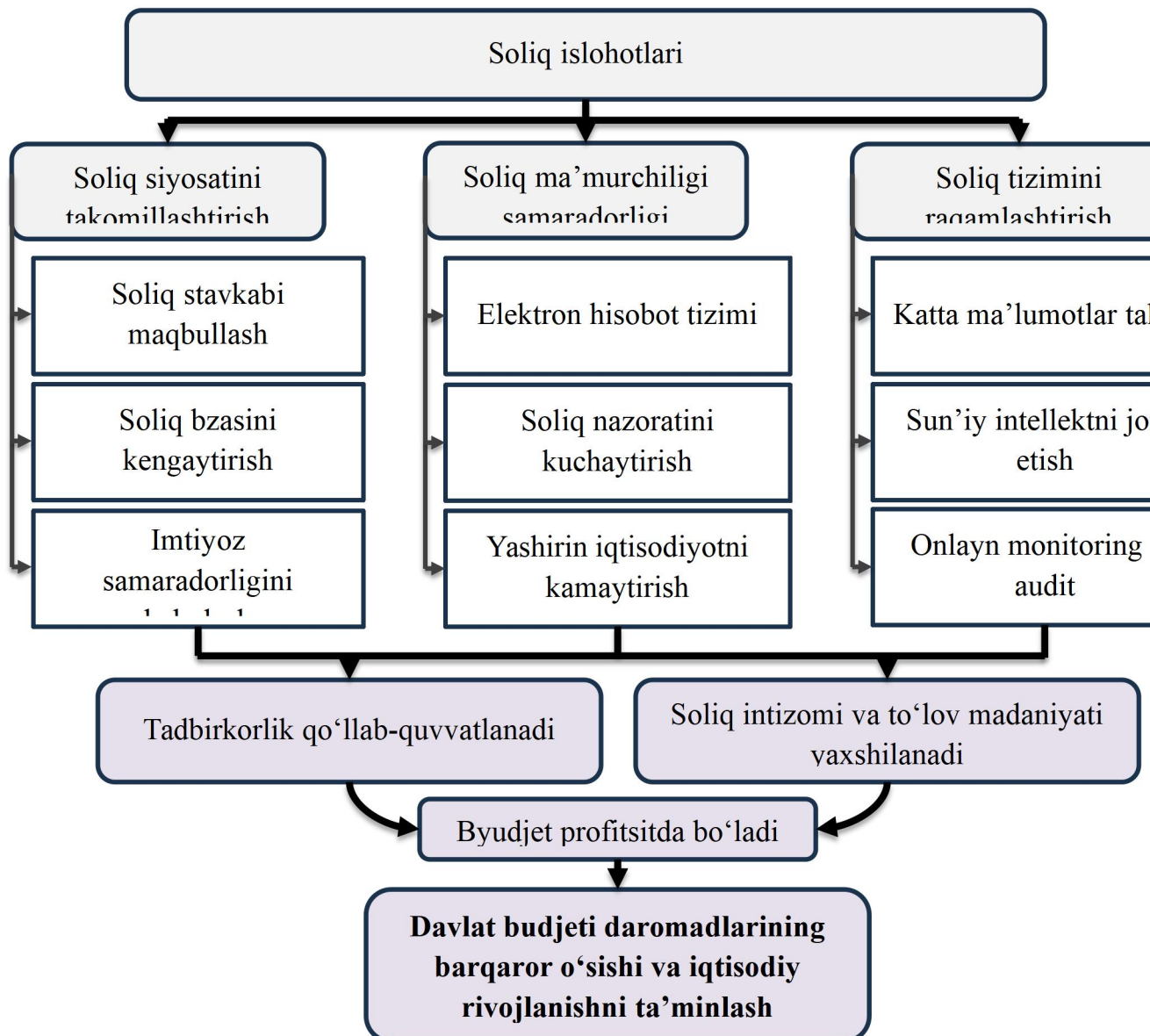


Figure 1. Model of development of the tax system.⁴

An analysis of this diagram shows that the tax system is developing primarily through improved tax policy. Optimizing tax rates, expanding the tax base, and improving the effectiveness of tax incentives contribute to increased state budget revenues. Furthermore, a fair distribution of the tax burden has a positive impact on the development of entrepreneurship and increased economic activity. As shown in the diagram, these processes are closely linked to support for entrepreneurship, which, in turn, expands the tax base and increases state budget revenues.

Furthermore, important components of a modern tax system include improving the efficiency of tax administration and the widespread adoption of digital technologies. The use of electronic reporting systems, online monitoring, big data technologies, and artificial intelligence will strengthen tax control and reduce the shadow economy. This will improve tax discipline and tax compliance, ensuring sustainable growth in state budget revenues. Overall, the mutual integration of all areas, as reflected in the plan, will be of great importance for improving the efficiency of the tax system and supporting the country's economic development.

Conclusion and suggestions

⁴Author's development

This article systematically analyzes the role of taxes in generating state budget revenues and their economic significance. The analysis demonstrates that taxes are the primary source of public financial resources, funding socioeconomic programs and ensuring macroeconomic stability. Data from past years demonstrates a steady upward trend in tax revenues, confirming the effectiveness of tax reforms. Specifically, the high share of direct and indirect taxes in budget revenues indicates that they constitute the main pillar of the fiscal system. Furthermore, tax reforms implemented since 2020, particularly the transition to a unified income tax system, have simplified the tax system and stimulated economic activity. These changes have expanded the tax base and accelerated the growth rate of budget revenues. The introduction of digital tax administration has had a positive impact on increasing tax revenues and reducing the share of the shadow economy.

In general, taxes serve not only a fiscal function in generating state budget revenues but also economic regulation and ensuring social stability. Therefore, further improvement of the tax system plays an important role in the state's long-term economic development strategy.

As a result of the research, the following suggestions were developed:

First, the tax base must be expanded and optimized. This expansion should be achieved by reducing the share of the shadow economy, attracting new taxpayers to the system, and effectively revising tax incentives.

Secondly, further development of digital tax administration is necessary. Electronic tax systems must be expanded, tax control automated, and human error reduced through the implementation of artificial intelligence and big data technologies.

Third, it is necessary to fairly distribute the tax burden and improve the investment climate. It is advisable to stimulate economic growth by adjusting tax rates depending on the type of economic activity and creating a favorable tax regime for the production and investment sectors.

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