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THE IMPACT OF TAXATION ON ECONOMIC GROWTH: A SOCIO-ECONOMIC PERSPECTIVE

Zarif Oripovich Ahrorov

Senior lecturer, Samarkand Institute of Economics and Service, Samarkand, Uzbekistan. z.akhroroff@gmail.com

ORCID: 0000-0003-4403-9137

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Abstract

Although the nature of taxes and their role in the organization of government revenues have been studied many times in the economic literature, there are many debates about the impact of taxes on society and their role in economic growth. In any context of economic legislation, the importance of tax relations in the organization of statehood is recognized, with special emphasis on their contribution to the welfare of the population. This article is devoted to the optimization of tax relations in the state and society, the description of the weight and convenience in the relationship between taxpayers and government. This article provides an analysis of the situation on the positive and negative effects of taxes in society, and formulates proposals and recommendations for the coordination of tax relations between the state and society.

Keywords: tax, society, state, tax relations, tax incentive.

Аннотация

Иқтисодий адабиётларда солиқларнинг моҳияти ва давлат даромадларини ташкил этишдаги ўрни кўп мартаба тадқиқ қилинганига қарамай, солиқларнинг жамият ҳаётидаги таъсири ҳамда иқтисодий ўсишдаги ўрни борасида баҳсли мунозаралар кўп учрайди. Иқтисодий қонуниятларнинг ҳар қандай шароитида солиқлар билан боғлиқ муносабатлар давлатчиликни ташкил этишдаги аҳамияти алоҳида эътироф этилиб, уларнинг аҳоли фаровонлигига хизмат қилишига алоҳида диққат қаратилади. Мазкур мақола давлат ва жамиятда амалга ошириладиган солиқ муносабатларини оптималлаштириш, солиқ тўловчилар ва солиқ олувчилар муносабатларидаги оғирлик ва қулайликларни тавсифига бағишланган. Ушбу мақолада солиқларнинг жамиятдаги ижобий ва салбий таъсири тўғрисидаги вазиятлар таҳлили акс эттирилган бўлиб, давлат ва жамият ўртасидаги солиқ муносабатларини ўзаро мувофиқлаштириш бўйича таклиф ва тавсиялар шакллантирилган.

Калит сўзлар: солиқ, жамият, давлат, солиқ муносабатлари, солиқ имтиёзи.

Introduction

Improving tax relations in the economy is one of the brightest manifestations of its modernization. In particular, it is recognized that it is impossible to modernize the economy without modernizing the process of tax administration [1]. First of all, it will help to solve important social problems in the digital economy, such as attracting national and foreign investment and ensuring the well-being of the population. Therefore, optimizing tax relations and ensuring their compatibility with other economic categories in society is one of the most important issues.

The existence of a perfect and rigid taxation system as an important condition for social and economic growth [2], the existence of a rigid regulatory system as a critical factor in the tax system [3], the distribution of financial resources in society through the market system or political system of the state [4]], it is recognized that long - term economic growth is the result of properly organized fiscal policy [5]. Reforms by the state in this regard will come to the fore.

Although the essence and importance of taxes in foreign and domestic economic literature, as well as their role in budget revenues have been significantly studied, there is a lack of scientific work to highlight its role and enhance its role in the welfare of society. In general, in the current context of globalization, one of the most pressing issues today is the coverage of the burdens and conveniences that come into the activities of taxpayers and taxpayers (tax entities) and the elimination of existing problems.

Literature review

French economist P.J. Proudhon connects the question of the existence of taxes with the question of the existence of the state [6]. Indeed, the state cannot exist without tax payments, and taxes are a mandatory part of the state. Where there is a state, there are also taxes, the nature of taxes is determined by the fate and functions of the state.

The mechanism of tax regulation serves as a very important tool in ensuring the competitiveness of the country's infrastructure with the production of quality innovative products, the implementation of structural reforms. L.Minford declares, it is known that tax regulation emerges in a broad sense as a factor of socio-economic development [7]. Taxes, on the one hand, replenish the revenues of the state budget, on the other hand, reflect the redistribution of income of members of society.

It is through taxes that both economic growth and decline can be affected. According to Vermeend, Van Der Ploeg & Timmers' view, the country's tax system should also serve to create a favorable environment for investment, encourage business innovation and create a long-term sustainable environmental policy [8].

A number of scholars emphasize the need to develop a tax system that does not hinder investment and ensure economic growth for the development of society [9]. If the investment made from the taxable object is fully covered, this tax system will not violate the attraction of investments [10-11].

According to C. Tiebout, the reduction of tax revenues through the introduction of tax incentives may pose risks to the provision of goods to society [12]. In this regard, tax policy should serve the welfare of society and not reduce budget revenues.

I.V.Gorsky declares, the existence of a large number of exemptions on taxes and levies makes taxpayers unequal, forcing some to provide exemptions and increasing tax rates to cover losses for the state [13]. At the same time, the attitude towards the application of tax benefits in society is not clear. The external appeal of this tax element makes serious problems invisible to both the state and business, and to the economy as a whole.

The current tax incentives in Uzbekistan are aimed at supporting entrepreneurship and addressing some social issues, but some economists also point out the negative aspects of the benefits [14-15]. In other words, tax incentives can not only support entrepreneurship, but also open the way for tax evasion by entrepreneurs, as well as lead to indifference and dependency of tax service providers.

Research methodology

This paper uses traditional methods of economic analysis such as analysis and synthesis, induction and deduction, comparison. Scientific and practical views of foreign and domestic scientists and researchers on tax relations were analyzed and conclusions were formed based on the results.

Analysis and results

Thus, the objective necessity of taxes for the state was related to the following:

- With the adoption of laws that reflect market economic relations;
- The existence of economic entities of different forms of ownership and free prices only with the formation of legal, legal, democratic relations between the population and economic entities;
- From centralized administrative division to self-financing, with the implementation of independent distribution and planning of economic indicators in economic entities;
- The difficulties that may arise in the activities of economic entities in the stages of transition to market economic relations, the reduction of production volumes or the cessation of activities will reduce budget revenues and ensure that there will be significant revenues to cover them only through indirect taxes.

However, the above evidence was related not only to the validity of modern tax relations, but also to the need to revise the tax system.

In practice, tax incentives should be considered as an important direction for society to improve in the direction of stimulating the development of innovative areas, their optimization. It should be noted that, given that the innovation process is associated with a high level of uncertainty, it is important to improve the system of incentives for research and development through the provision of tax incentives in specific areas.

Modern research on the nature of taxes can be divided into two groups: the first group is a group that studies the economic nature of taxes and the second group is a group that studies the economic and legal nature of taxes as a concept. The first group defines tax as a financial and economic category - government revenue and taxpayer spending [16-17]. The second group seeks to give a legal definition of taxes in strict accordance with the Tax Code of the Republic of Uzbekistan [18-19]. Other researchers try to objectively shed light on the different levels of tax structure, the economic and legal nature of taxes. While Z.N. Kurbanov studied the philosophical and political nature of taxes [20], Sh.A. Toshmatov discusses the philosophical, economic and legal nature of taxes [21].

It is clear from tax theory that the economic nature of taxes is evident as a special type of taxpayer expenditure of taxes and at the same time a special type of budget revenue.

In a globalized world, there is a tendency to simplify the tax system in the digital economy. The stronger the tax system, the easier it will be to determine the economic results, business leaders will not have to worry about compiling reporting documents, and they will have more time to think about reducing production costs rather than taxes. In this case, the tax authorities will be able to closely monitor the accuracy of tax payments.

Therefore, the introduction and improvement of digital technologies is important in the effective organization of financial relations. Improving financial relations using blockchain technology is one of the most pressing issues today, as digitalization has demonstrated its advantages in all spheres of society.

Businesses suffer from ever-changing tax policies, financial regulations and legal documents. These changes affect corporate income, cash flows, and taxpayer reputation. In our research, we have been able to address the issue of tax optimization by coordinating interests between taxpayers and government [22-23]. Tax relations are mainly reflected in the activities of corporations, joint ventures, foreign enterprises, which constantly move across borders.

According to Russian researchers, considering the use of blockchain technologies in the tax system [24], they emphasize a number of advantage:

- as a basic principle of blockchains, it creates a significant potential for the use of taxes;
- The principle of transparency of the blockchain shows that at each point of purchase of each product (service) will be possible to monitor and control all users;
- the principle of security indicates that it is not possible to change the entered data or that it is not immediately available to every user when it is changed;
- real-time information is delivered to all users at the same time by updating.

Undoubtedly, blockchain can be a useful tool in corporate taxes and finance around the world. By connecting the blockchain chains together, it serves to diagnose the financial condition of the enterprise, taxation, and optimize certain processes. Blockchain technologies demonstrate positive features such as data immutability, trust in all participants in the chain, openness, protection, reduction of redundant intermediaries. In addition, the blockchain reduces dependence on third-party transactions and payment commissions.

Creating an infrastructure that responds to the digitalization and centralization trends of the modern world will allow the introduction of blockchain technology in the tax system. It has the potential to simplify interactions between business entities and government agencies and tax reporting [25].

So, in the tax system, blockchain technology creates a number of benefits for the state. In particular, taking into account the reduction of the human factor, expenditures from the state budget will be reduced, corruption and bribery will be sharply reduced, tax accounting and control will be fully automated, and taxes will be fully transferred to the state budget.

Taxes participate in all stages of extended production through an objective distributional relationship and are reflected in the production relationship. Due to the fact that taxes represent the economic base of society, they are widely used in the interests of production, regulation of consumption through the production of goods and the creation of centralized monetary funds for social protection and other socially necessary purposes.

In view of the above, it should also be noted that, in practice, through the legal actions of taxes, their essence can be expressed:

First, when a taxpayer pays a certain amount of money to the state, he does not receive goods or services in return. There is no correlation between the amount of tax and the social benefit he consumes. If the taxpayer shows the profit or benefit shown by this feature in comparison with the taxes paid, then such a situation may lead to the decay of income, tax evasion. Only if the state uses the taxes collected from its citizens effectively and transparently, and if the majority of citizens agree to provide the state's economic, social and other programs at their own expense, will the basis for high tax ethics be established at the state level.

Second, since the responsibility for full and timely payment of taxes rests with the

taxpayers, it is not voluntary but mandatory..

Thirdly, with the recovery of the part of the income actually generated in favor of the state, which was previously determined by law.

It should also be noted that during the transition to a market economy, the creation of opportunities for the stabilization of new functions of the state is often associated with tax relations. These include the provision of social assistance to the poor and the organization of market infrastructure and the organization of financial resources within the state, the provision of funds for retirees, students, large families, etc. to have, to have military equipment, to maintain the security of the citizens of the state, to establish discipline, and also to spend money to perform the functions of governing the country, all of which require the objective necessity and orderliness of taxes. But the need for taxes is also related to the existence of other specific relationships.

As a condition of an effective economic order, the dissemination and consideration of the principles of the ethical system in taxation is a logical continuation of the concept of neo-institutionalism, which studies the moral norms of the people and the circumstances surrounding it [26]. Taxes, within the framework of this approach, are an integral duty of the human person, related to his spiritual self-improvement. Such an understanding of taxes became the basis of business ethics and defined the moral content of a market economy in an era of free competition. The pursuit of wealth, the image of a hardworking and thrifty entrepreneur who is a form of moral self-expression, contributed greatly to the growth of tax payments and economic initiatives and entrepreneurial activity in a strong medieval religious society.

It is now clear that many problems related to the payment of taxes and fees have a negative impact on the formation of budgets at all levels.

Despite the fact that taxation is properly organized, the low level of tax literacy and culture has a negative impact on the execution of part of the budget revenues. Proof of this can be seen in the fact that entrepreneurs try to evade taxes, hide or reduce income.

Improving the tax culture among taxpayers will be facilitated by the explanatory work of the tax authorities on the errors and omissions of taxpayers related to the misunderstanding of tax legislation, supplemented by new terms. Although it is intended to comment on tax legislation, numerous changes in the tax system make it difficult not only for the taxpayer but also for tax officials.

Conclusions

The following conclusions and recommendations were made as a result of scientific research:

1. Taxes, on the one hand, replenish the revenues of the state budget, on the other hand, reflect the redistribution of income of members of society.

2. The country's tax system should also serve to create a favorable environment for investment, encourage business innovation and create a long-term sustainable environmental policy.

3. Tax policy should serve the welfare of society and not reduce budget revenues

4. Tax incentives, in addition to supporting business activities, can also open the way for tax evasion of entrepreneurs, as well as lead to indifference and dependency of tax service providers. Therefore, it is necessary to pursue a tax policy aimed at optimizing tax incentives.

5. Improvement of tax incentives for the society in the direction of stimulating the development of innovative areas should be considered as an important direction of their optimization

6. Taking into account the reduction of the human factor, it is expedient to introduce blockchains in the tax system, which will reduce expenditures from the state budget, sharply reduce corruption and bribery, fully automate tax accounting and control, and ensure full tax revenues to the state budget.

7. Improving the tax culture of the population today, one of the important issues is to bring about changes in tax legislation. Therefore, it is necessary to hold a tax literacy day once a month in each regional (city, district) mahalla (with the support of members of the mahalla citizens' assembly), to achieve the broad involvement of teachers of regional tax offices and educational institutions.

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