

Turayev Alijon Akmal ugli

Acting Associate Professor of the "Investment and Innovations" Department,
Samarkand Institute of Economics and Service, PhD

E-mail: alijon.turayev@mail.ru

Xaitov Nurkamol Nuralivich

Student of the Faculty of Economics, SIES

E-mail: nurkamolxaitov353@gmail.com

Abstract. This article examines the role of tax revenues in ensuring the stability of the state budget, using the example of Uzbekistan. It analyzes theoretical approaches to taxation, including classical and modern concepts, as well as evaluates recent tax reforms and their impact on budget revenues. The study shows that tax revenues constitute the main source of the state budget and play a key role in maintaining financial stability. At the same time, existing challenges such as the shadow economy, tax evasion, and dependence on resource-based revenues are identified. The paper concludes that further improvement of tax policy, expansion of the tax base, and strengthening of tax administration are essential for achieving sustainable budget stability.

Keywords: state budget, tax revenues, direct taxes, indirect taxes, tax policy, budget stability, shadow economy, tax administration.

Аннотация. В данной статье рассматривается роль налоговых поступлений в обеспечении стабильности государственного бюджета на примере Узбекистана. Анализируются теоретические подходы к налогообложению, включая классические и современные концепции, а также оцениваются последние налоговые реформы и их влияние на бюджетные доходы. Исследование показывает, что налоговые поступления являются основным источником государственного бюджета и играют ключевую роль в обеспечении финансовой стабильности. В то же время выявлены существующие проблемы, такие как теневая экономика, уклонение от уплаты налогов и зависимость от доходов, основанных на природных ресурсах. В статье делается вывод о том, что дальнейшее совершенствование налоговой политики, расширение налоговой базы и укрепление налогового администрирования являются необходимыми условиями для достижения устойчивой бюджетной стабильности.

Ключевые слова: государственный бюджет, налоговые поступления, прямые налоги, косвенные налоги, налоговая политика, бюджетная стабильность, теневая экономика, налоговое администрирование.

Introduction. The financial stability of any state largely depends on its budget. The budget, in turn, is formed from various sources of revenue - but among them, the most important and most reliable source is tax revenues. Taxes not only fill the state treasury, but also make it possible to finance social sectors, develop infrastructure and cover losses during economic crises.

Taking the example of Uzbekistan, in recent years serious reforms have been carried out in tax policy. Starting from 2019, a number of decisions have been adopted aimed at reducing the tax burden, simplifying tax rates and introducing a digital tax system. As a result, the number of taxpayers has increased significantly and revenues to the budget have improved. "In particular, in 2022-2023, more than 70 percent of the revenue part of the state budget was formed precisely by tax revenues"¹.

However, there are still unresolved problems in this area. Increasing tax collection cannot be achieved only by raising rates or strengthening control. For this, it is necessary to formalize the economy, improve the business environment and form tax culture. The still large share of the shadow economy and cases of tax evasion in certain sectors - all of these have a direct negative impact on budget stability.

In Uzbekistan, this sphere is also strengthened by special legislation. The Tax Code of the Republic of Uzbekistan is considered the main document regulating tax relations. According to Article one of the Code, taxes are recognized as a mandatory and main source of forming the state budget. It was implemented on the basis of the Decree of the President of the Republic of Uzbekistan dated June 29, 2018, No. PF-5468 "On the Concept of Improving Tax Policy"²

This decree defined priority tasks such as reducing the tax burden, simplifying tax administration and formalizing the economy.³

Also, "in the Decree of the President of the Republic of Uzbekistan dated April 1, 2022, No. PF-112, the main directions of the new tax-budget policy for 2022–2026 are defined, in which special attention is paid to expanding the tax base and stabilizing budget revenues"⁴

¹ <https://daryo.uz/gB2OaDzf/>

² O'zbekiston Respublikasi Prezidentining 2018 yil 29 iyundagi PF-5468-son "Soliq siyosatini takomillashtirish konsepsiyasi to'g'risida" <https://sci-p.uz/index.php/editions/article/view/2235>

³ O'zbekiston Respublikasi Prezidentining "Soliq siyosatini takomillashtirish konsepsiyasi to'g'risida"gi Farmoni (2018 yil 29 iyun, PF-5468-son). Toshkent. <https://trustbank.uz/uz/documents/3126/>

⁴ O'zbekiston Respublikasi Prezidentining 2022–2026 yillarga mo'ljallangan soliq-byudjet siyosatiga oid Farmoni (2022 yil 1 aprel, PF-112-son). Toshkent. <https://lex.uz/uz/docs/-7944527?ONDATE=01.01.2026>

Literature review.

Many literature related to this topic have been analyzed. In particular, the work of the famous economist A. Smith "The Wealth of Nations"⁵. In this work, Smith for the first time scientifically substantiated four main principles of taxation - equality, certainty, convenience and efficiency. He emphasized that the more understandable and fair the tax system is, the more stable the state budget will be. He also warned that an excessive tax burden may suppress production and as a result reduce state revenues. This idea has not lost its relevance even today.

Another source is the work of R. Musgrave "Theory of Public Finance"⁶. The scholar systematically substantiated three functions of the state budget - allocation of resources, redistribution of income and economic stabilization. According to his approach, tax revenues are not only a means of filling the treasury, but also a powerful instrument for ensuring social justice and managing economic crises. This theory still serves as a main source in shaping budget policy.

A study by International Monetary Fund experts Vito Tanzi and Howell Zee titled "Tax Policy for Developing Countries"⁷. The authors proved that in countries where the share of tax revenues in GDP is below 15 percent, ensuring budget stability becomes difficult. They also specifically pointed out that the success of tax reforms depends on expanding the tax base, modernizing administration and developing digital infrastructure. These conclusions are directly in line with the current tax reforms being carried out in Uzbekistan, and the introduction of an electronic tax system and improvement of tax administration in the country are being carried out exactly in this direction.

Research methodology. This article conducted research through several methods of analysis. In particular, through empirical analysis, data related to this topic were theoretically analyzed, while the statistical method analyzed statistical indicators on the role of tax revenues in stabilizing the state budget, and a final conclusion was drawn in this article.

Analysis and results.

From a theoretical point of view, taxes occupy a special place in economic literature as the basis of public finance. The famous economist Adam Smith, in his work "The Wealth of Nations"⁸, was the first to scientifically substantiate four main principles of taxation - equality, certainty, convenience and efficiency. These principles

⁵ Adam Smit o'zining "Xalqlar boyligi" <https://www.rrojasdatabank.info/Wealth-Nations.pdf>

⁶ R.Musgravening "Davlat moliyasi nazariyasi" <https://www.jstor.org/stable/1054956>

⁷ Vito Tanzi va Howell Zeening "Rivojlanayotgan mamlakatlarda soliq siyosati" 2001 International Monetary Fund March 2001 https://www.researchgate.net/publication/247699272_Tax_Policy_for_Developing_Countries

⁸ Adam Smit o'zining "Xalqlar boyligi" Wikipedia https://uz.wikipedia.org/wiki/The_Wealth_of_Nations

still serve as a theoretical foundation for shaping tax policy today. Later, the American economist Richard Musgrave identified three main functions of the state budget - allocation of resources, redistribution of income and economic stabilization. According to him, tax revenues serve to perform these three functions simultaneously⁹. "Experts of the International Monetary Fund (IMF) have also emphasized in their studies that in countries where the share of tax revenues in GDP is below 15 percent, it is difficult to ensure budget stability."¹⁰

According to the Ministry of Finance, "in 2023, more than 72 percent of the total revenue part of the state budget of Uzbekistan was formed by tax revenues. This figure clearly shows how important taxes are for budget stability. Moreover, the President of the Republic of Uzbekistan Shavkat Mirziyoyev, in a number of his speeches, also touched upon the issue of improving the tax system and stated: "Reducing the tax burden is not a concession to entrepreneurs, but the most correct way to develop the economy and strengthen the budget." This approach fully reflects the main spirit of today's reforms"¹¹

Nevertheless, there are also problems in this area. The shadow economy, tax evasion in certain sectors and the fact that tax culture has not yet been fully formed - all of these lead to the loss of a part of the funds that should reach the budget. According to World Bank experts, "in developing countries, the share of the shadow economy averages 30-40 percent, which directly negatively affects tax revenues. From this point of view, increasing tax revenues is closely related not only to the adoption of new laws, but also to the full and effective implementation of existing laws"¹².

⁹ R.Musgravening "Davlat moliyasi nazariyasi" <https://www.jstor.org/stable/1054956>

¹⁰ [Smit, A. (1776). Xalqlar boyligi (An Inquiry into the Nature and Causes of the Wealth of Nations)*. London: W. Strahan and T. Cadell. <https://www.rrojasdatabank.info/Wealth-Nations.pdf>

¹¹ O'zbekiston Respublikasi Moliya vazirligi. (2023). Davlat byudjeti ijrosi to'g'risidagi hisobot. Toshkent: Moliya vazirligi. <https://lex.uz/uz/docs/-6707765>

¹² Musgrave, R. A. (1959). *The Theory of Public Finance: A Study in Public Economy*. New York: McGraw-Hill. <https://www.scirp.org/reference/ReferencesPapers?ReferenceID=1608928>

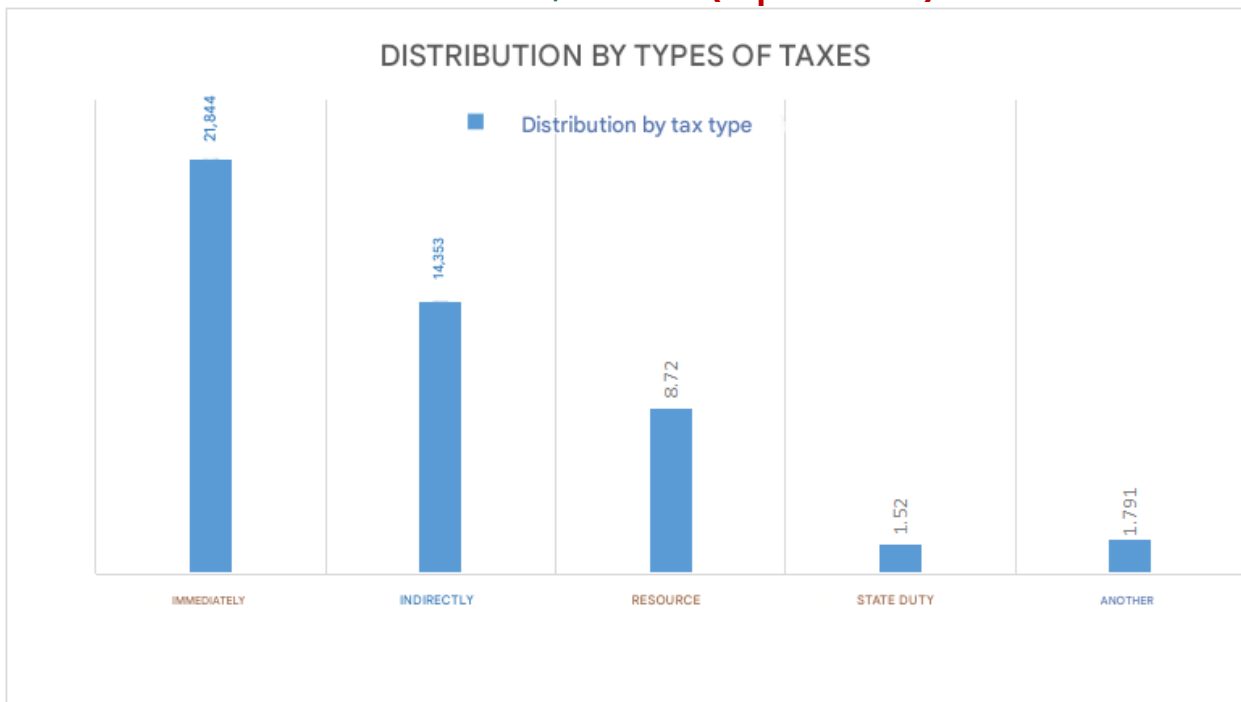


Figure 1. Information on budget revenues by tax authorities in 2025.

Distribution by types of taxes (billion UZS)¹³

As of April 1, 2025, a total of 48,228 billion UZS in revenues was received into the state budget of Uzbekistan. If we look at the structure of this figure, it is clearly seen that tax revenues constitute the main backbone of the budget. 96.3 percent of total revenues consist of taxes and tax-related payments - this means that the budget is almost entirely dependent on taxes.

With 21,844 billion UZS, direct taxes are the largest source of the budget. These mainly include income tax, profit tax and taxes collected from individuals. This indicator shows that activity in the production and service sectors of the economy is high. The fact that the share of direct taxes exceeds 45 percent indicates that it is approaching the level of developed countries. In particular, in OECD countries, direct taxes average around 30–40 percent.

Indirect taxes, which mainly consist of value added tax (VAT) and excise tax, amounted to 14,353 billion UZS. This reflects the activity of the goods and services market. However, a high share of indirect taxes may also place an excessive burden on consumers - since these taxes are passed on to buyers through prices. The VAT rate has been maintained at 15 percent since 2019, and the stability of this figure creates favorable conditions for budget planning. 8,720 billion UZS - this figure reflects the contribution of natural resources and land-property sectors to the budget. As a country rich in natural gas, gold and other minerals, Uzbekistan receives significant income

¹³O'zbekiston Respublikasi Prezidentining 2022–2026 yillarga mo'ljallangan soliq-byudjet siyosatiga oid Farmoni (2022 yil 1 aprel, PF-112-son). Toshkent. <https://lex.uz/uz/docs/-7944527?ONDATE=01.01.2026>

from this source. However, since resource payments depend on raw material prices, this source is not stable - if prices fall in the global market, the impact on the budget is noticeable. Without diversifying the economy in this area, it is not possible to fully ensure budget stability. State duty (3.2%) and other revenues (3.7%) together accounted for 6.9 percent. Although these two categories have a relatively small share in the budget, they are directly related to the use of public services by the population. With the development of digitalization and “One-stop-shop” systems, revenues from this direction are expected to increase in the future.

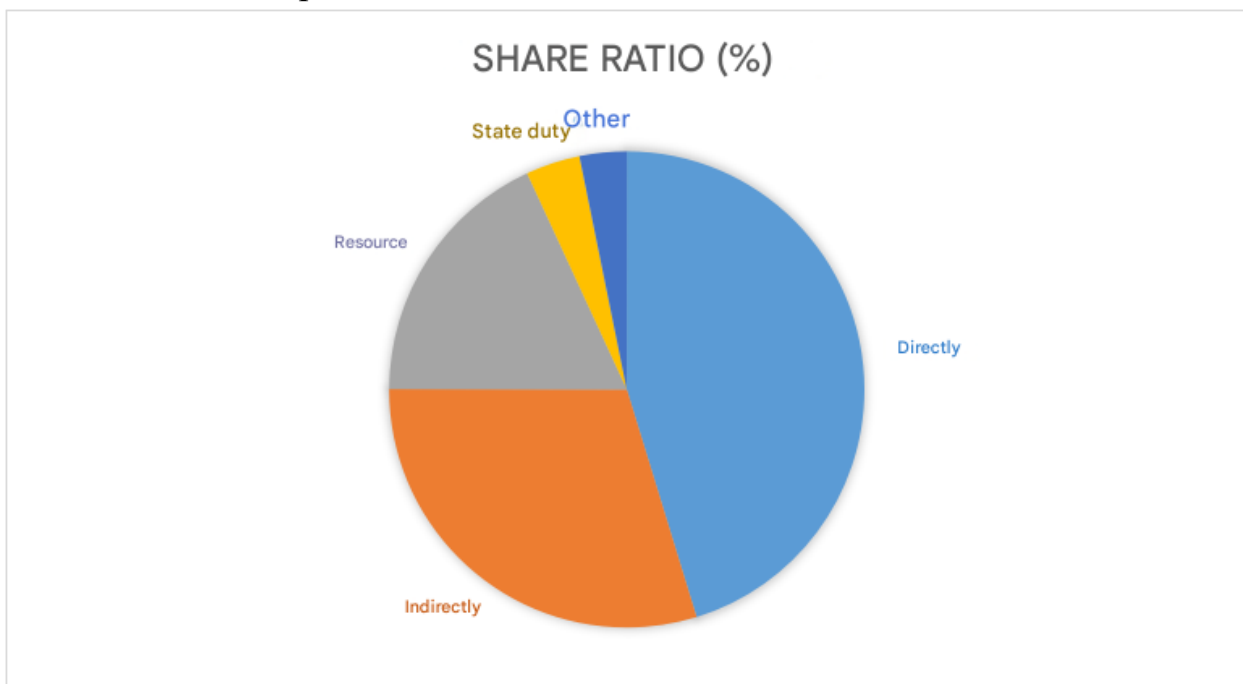


Figure 2. Information on budget revenues by tax authorities in the first quarter of 2025. The share of tax revenues within the budget. (in percent)¹⁴

Three important conclusions can be drawn from the figure data. First, the structure of budget sources is in a very correct direction - the leading position of direct taxes indicates that the formal sector of the economy is growing. Second, the 18 percent share of resource payments is still high - this leaves the budget vulnerable to fluctuations in raw material prices. Third, the low share of state duty and other revenues (6.9%) indicates that activities in the shadow economy and informal sector are still not fully taxed. If full formalization of the economy is achieved, revenues from both direct and indirect taxes can increase significantly.

Conclusion.

In conclusion, the study shows that tax revenues play a decisive role in ensuring the stability of the state budget and remain its main financial foundation. The analysis

¹⁴O'zbekiston Respublikasi Prezidentining 2022–2026 yillarga mo'ljallangan soliq-byudjet siyosatiga oid Farmoni (2022 yil 1 aprel, PF-112-son). Toshkent. <https://lex.uz/uz/docs/-7944527?ONDATE=01.01.2026>

confirmed that in Uzbekistan the dominant share of budget revenues is formed by tax payments, which indicates the strengthening of the fiscal system and the effectiveness of ongoing tax reforms. At the same time, the increasing role of direct taxes reflects the expansion of the formal sector of the economy and the growth of economic activity.

However, despite the positive trends, a number of systemic problems still persist. In particular, the existence of the shadow economy, cases of tax evasion, and the insufficient level of tax culture negatively affect the full mobilization of budget revenues. In addition, the relatively high share of resource payments creates certain risks for budget stability due to dependence on fluctuations in world market prices.

Therefore, ensuring long-term budget stability requires further improvement of tax policy, expansion of the tax base, strengthening of tax administration, and acceleration of digitalization processes. Special attention should be paid to reducing the shadow economy, increasing voluntary tax compliance, and creating a favorable business environment. Only through a comprehensive and balanced approach can tax revenues fully perform their function as a key instrument of economic stability and sustainable development.

References

1. O'zbekistonliklar 2023-yilda davlat byudjetiga qancha soliq to'lagani ma'lum bo'ldi <https://daryo.uz/gB2OaDzf/>
2. O'zbekiston Respublikasi Prezidentining 2018 yil 29 iyundagi PF-5468-son "Soliq siyosatini takomillashtirish konsepsiyasi to'g'risida" <https://sci-p.uz/index.php/editions/article/view/2235>
3. O'zbekiston Respublikasi Prezidentining "Soliq siyosatini takomillashtirish konsepsiyasi to'g'risida"gi Farmoni (2018 yil 29 iyun, PF-5468-son). Toshkent. <https://trustbank.uz/uz/documents/3126/>
4. O'zbekiston Respublikasi Prezidentining 2022–2026 yillarga mo'ljallangan soliq-byudjet siyosatiga oid Farmoni (2022 yil 1 aprel, PF-112-son). Toshkent. <https://lex.uz/uz/docs/-7944527?ONDATE=01.01.2026>
5. Adam Smit o'zining "Xalqlar boyligi" <https://www.rrojasdatabank.info/Wealth-Nations.pdf>
6. R.Musgravening "Davlat moliyasi nazariyasi" <https://www.jstor.org/stable/1054956>
7. Vito Tanzi va Howell Zeening "Rivojlanayotgan mamlakatlarda soliq siyosati" 2001 International Monetary Fund March 2001 https://www.researchgate.net/publication/247699272_Tax_Policy_for_Developing_Countries

8. Adam Smit o'zining "Xalqlar boyligi" Wikipedia
https://uz.wikipedia.org/wiki/The_Wealth_of_Nations
9. Smit, A. (1776). Xalqlar boyligi (An Inquiry into the Nature and Causes of the Wealth of Nations)*. London: W. Strahan and T. Cadell.
<https://www.rrojasdatabank.info/Wealth-Nations.pdf>
10. O'zbekiston Respublikasi Moliya vazirligi. (2023). Davlat byudjeti ijrosi to'g'risidagi hisobot. Toshkent: Moliya vazirligi. <https://lex.uz/uz/docs/-6707765>
11. Musgrave, R. A. (1959). "The Theory of Public Finance: A Study in Public Economy" New York: McGraw-Hill.
<https://www.scirp.org/reference/ReferencesPapers?ReferenceID=1608928>
12. O'zbekiston Respublikasi Prezidentining 2022–2026 yillarga mo'ljallangan soliq-byudjet siyosatiga oid Farmoni (2022 yil 1 aprel, PF-112-son). Toshkent.
<https://lex.uz/uz/docs/-7944527?ONDATE=01.01.2026>
13. O'zbekiston Respublikasi Prezidentining 2022–2026 yillarga mo'ljallangan soliq-byudjet siyosatiga oid Farmoni (2022 yil 1 aprel, PF-112-son). Toshkent.
<https://lex.uz/uz/docs/-7944527?ONDATE=01.01.2026>