Directions to Ensure the Independence of Local Budgets

Uroqov Uchqun Yunusovich, Meliyev Obid Rakhmatullayevich,
Shernayev Akbar Akmirzayevich, Jalolova Dildora Jamalovna,
Kulimova Khusnida Makhsud Kizi and
Razzokov Khabibullokh Ravshan Ugli

Abstract--- Creating an effective mechanism for the tax system, and ensuring its effectiveness, requires constant improvement of the tax mechanism, tax policy and each type of tax. Today, there are still a number of problems with the implementation of local taxes and fees. In this article, we will focus on some of the problems associated with these local taxes and levies and how to solve them.

Keywords--- Tax Mechanism, Tax Policy, Local Budget, Management of the Budget System, Modern Budget System, Property Tax Revenues.

I. INTRODUCTION

Today, the property tax is significant as a direct tax, although its share in the state budget is not insignificant, as it has a significant impact on the financial and economic activities of enterprises and organizations. Indeed, one of the most important steps in the path of taxation of enterprises in our country was the introduction of a tax on the property of enterprises. The point is that after the abolition of payments to the production funds of enterprises, until the adoption of the first law on tax legislation, there is no economic means to influence the economic activity of enterprises through the taxation of their property.

The experience of developed countries has shown that property taxes are a necessary part of the corporate taxation system. Analyzes show that the main problem with property taxes today is its tax rate.

It is known that the rate of property tax is determined on a pro rata (equal share) basis, depending on the size of the property at the disposal of taxpayers, fund return, fund capacity, share in gross income, the relevant depreciation amounts are in many cases inextricably linked to the taxation process. Therefore, we believe that the property tax rate should be determined in a stratified manner, taking into account these indicators. However, the main criterion for stratification can be the level of stock capacity of enterprises in the sector, or the level of stock value relative to the residual value of fixed assets in the amount of depreciation of fixed assets.

If taken in relation to the level of fund capacity, it is necessary to set a relatively high tax rate for light industry, food industry and processing enterprises. The tax rate on property tax in foreign countries, for example in the Russian Federation, is determined by the state bodies that are the subjects of the federation, depending on the type of business. In developed foreign countries, the average property tax rate is about 1-2 percent. In Germany, for

Uroqov Uchqun Yunusovich, Senior Lecturer, Tashkent Institute of Finance.
Meliyev Obid Rakhmatullayevich, PhD, Tashkent Institute of Finance.
Shernayev Akbar Akmirzayevich, Associate Professor, Tashkent Institute of Finance.
Jalolova Dildora Jamalovna, Associate Professor, Candidate of Economic Sciences, Tashkent Institute of Finance.
Kulimova Khusnida Makhsud Kizi, Assistant, Tashkent Institute of Finance.
Razzokov Khabibullokh Ravshan Ugli, Student, Tashkent Institute of Finance.

example, the property tax levied on individuals is 0.5 percent of the value of taxable property, and 0.6 percent for corporations. Since the value of the property does not have sharp fluctuations such as income or capital turnover, the property tax is calculated on a regular basis every three years.

II. MATERIALS AND METHODS

At present, the cost of property, plant and equipment is included in the cost of property, plant and equipment. The main reason for this is that fixed assets, like materials, have a low turnover rate. However, there is another side to the issue. That is, since the value added tax is included in the initial value of the fixed asset, the property tax artificially increases the object.

As a result, value added tax (VAT) is levied twice on property taxes. However, in accounting, there is a separate account 19 for VAT. Therefore, in order to reduce the object of property tax, VAT on property, plant and equipment purchased should be carried to the cost of production during the standard service life in accordance with the depreciation of fixed assets, and VAT should not be recalculated when selling property, plant and equipment. Setting the property tax rate in the current proportional order does not always comply with the principle of tax fairness. In our opinion, the stratification of the property tax rate should be applied to the amount of their depreciation or their residual value. The tax rate should be introduced in a stratified manner, as a result of which the ownership and inefficient use of excess funds by the enterprise should cause significant damage to the enterprise.

Second, significant tax rates prevent businesses from maintaining excess fixed assets. In the end, the sale of surplus assets increases the working capital of the enterprise, on the other hand, provides the interests of the enterprise, which can not afford to buy a new type of fixed asset, but needs it. In addition, getting rid of excess fixed assets will increase the company's return on investment and increase the company's production efficiency.

One of the peculiarities of the use of property taxes in the tax practice of developed foreign countries is that in the process of taxation, limited and unrestricted tax liability is specified. In Germany, for example, corporations and large property entities whose corporations or locations are located outside the country are subject to unlimited tax liability. Also, in some countries, such as France, property tax rates are categorized according to the value of the taxable property. Taxable property includes buildings, industrial and agricultural enterprises, movable property, excise duties, bonds and the like, and is taxed only when their total value exceeds the established limit (for example, 4,260,000 francs).

In essence, this is a non-taxable minimum, and it would be appropriate to apply this experience, taking into account the characteristics of the national economy of the republic. In our opinion, it is necessary to apply fixed assets to assets and liabilities. That is, passive fixed assets should not be included in the non-taxable minimum.

The Budget Code of the Republic of Uzbekistan [2] defines the sources of revenue generation of local budgets and their directions of expenditure. Revenues of the budget of the Republic of Karakalpakstan, local budgets of regions and the city of Tashkent are formed from several sources of income. They can be conditionally divided into 2 groups.

I. Own revenues of local budgets - such revenues are revenues that are legally fully attached to local budgets, ie local taxes and mandatory fees formed in these provinces or districts. One of the biggest tasks facing local financial authorities today is to increase the share of their revenues in the total revenues of local budgets. Because the more regional budgets increase their revenues, the more they become financially independent, that is, their dependence on higher budgets, such as regional or national budgets, decreases, and as a result, the republican budget contributes to economic development, further development and welfare of the population. does. Currently, according to Article 52 of the Budget Code, local budgets have their own revenues:

a) *Local taxes and other mandatory payments.* Local taxes and levies are introduced in order to create a source of social and economic development of the regions, reproduction of natural and other material resources, to create the necessary conditions for the functioning of public authorities and local governments.

b) *Non-refundable cash receipts from legal entities and individuals, as well as from foreign countries.* Such income includes income provided in the form of gifts, as well as in the form of non-discriminatory sponsorship.

c) *Revenues from markets.* Revenues (one-time patta payments) from various markets (farmers' markets, commodity markets, livestock markets, etc.) located in the respective administrative territories are also included in the revenues of local budgets.

d) *It is formed at the expense of other income.* Such income includes income from the sale of state-owned property, income from the placement, lease and sale of state assets in accordance with the established norms, state duties, levies, compensation and fines transferred to the budget of the Republic of Karakalpakstan, local budgets of regions and the city of Tashkent., ownerless property, property transferred to the state under the right of inheritance, treasury to be transferred to the state revenue by law proceeds from the sale of goods and other income in accordance with the legislation.

Table 1: The Share of Local Taxes in State Budget Revenues [1]

Indicators		years									
		2015		2016		2017		2018		2019	
		billion sum	%	billion sum	%	billion sum	%	billion sum	%	billion sum	%
INCOME (WITHOUT SAVINGS) - TOTAL		36493,3	100	41043,5	100	49681,0	100	79099,1	100	102627,6	100
Local taxes		4 122,3	11,3	4 879,2	11,9	5691,5	11,5	5654,2	7,1	3685,4	3,6
1.1	Property tax	1 393,0	3,8	1659,3	4,0	2129,7	4,3	2606,1	3,3	1851,1	1,8
1.2	Land tax	750,1	2,1	966,7	2,4	1091,8	2,2	1504,2	1,9	1834,3	1,8
1.3	Tax on consumption of gasoline, diesel fuel and liquefied gas for vehicles	1242,9	3,4	1531,3	3,7	1784,5	3,6	1543,9	2,0	- **	-
1.4	Landscaping and social infrastructure development tax	736,2	2,0	721,9	1,8	685,5	1,4	- *	-	-	-

[1] https://www.mf.uz/deyatelnost/deyatelnost1/gosudarstvennyj-byudzhet.html#
prepared by the author on the basis of website data

The importance of local taxes in the tax system is determined by their number and place in total tax revenues. Local taxes are the primary source of income for local governments, and their types are determined by the tax legislation of each country. Since the introduction of local taxes, changes in their composition have led to changes not only in number but also in substance. To date, new types of them have been introduced and are being effectively produced in practice.

As can be seen from the data in the table, the share of local taxes in state budget revenues averages 4-12 percent. The data show that the role of local taxes in the formation of state budget revenues is not very high. In particular, in the analyzed years (2015-2019), the share of property tax was 1.8-4.3%, the share of land tax was 1.8-2.4%, the share of landscaping and social infrastructure development tax was 1.4%. 2.0 percent (unified with income tax from 2018), the share of tax on the use of gasoline, diesel fuel and gas in vehicles was 2.1-3.7 percent (unified with excise tax from 2019). Analyzes show that the share of local taxes in the formation of state budget revenues has declined almost sharply in recent years.

Based on the average level of this indicator, we can conditionally divide the administrative territories of the republic into two groups:

- Administrative territories where the level of local taxes in the formation of budget revenues is lower than the national average;
- Administrative territories where the level of local taxes in the formation of budget revenues is higher than the average level in the country.

The share of local taxes in the formation of budget revenues should not be the only indicator that determines their role. In this regard, if the role of local taxes in the formation of budget revenues is assessed based on the level of this indicator, such an assessment should be recognized as an insufficiently substantiated assessment. Because international experience shows that the effectiveness of the system of budget revenues in the national economy of any country is characterized not only by the above figure, but also by the organization of budget revenues.

III. RESULTS AND DISCUSSIONS

Currently, revenues from local taxes do not have a significant share in the revenues of local budgets. In our opinion, this is due not only to the fact that the opportunities for the introduction of local taxes are not fully used, but also to the practice of regulating the revenues of local budgets.

The fact that the percentage of allocations from state taxes to regulate local budget revenues varies by region and year, as well as the fact that the financing of local budget expenditures is not linked to the implementation of the revenue plan, limits the economic interest of local governments in increasing budget revenues.

Almost all state taxes are regulatory and are redistributed between the republican budget and budgets in accordance with the norms of allocations. Allocation rates vary by region and can range from 100 percent to 5 percent. The part of the state taxes allocated to local budgets is carried out on the basis of laws and norms adopted annually. In Figure 2 below, we can see the structure of national taxes distributed among the budgets of the budget system.
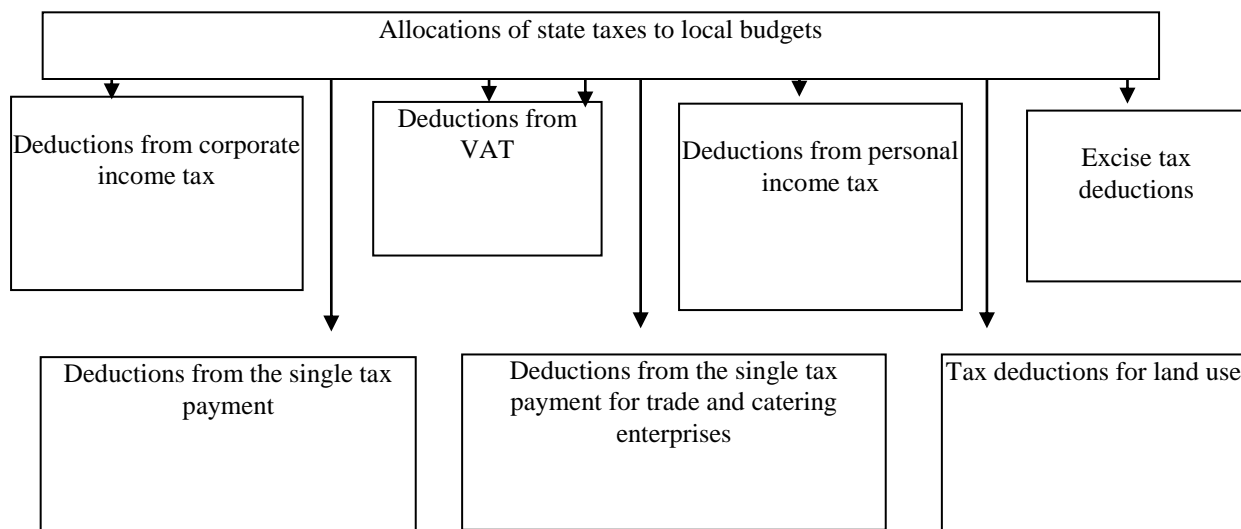
Figure 1: National Taxes Distributed among the Budgets of the Budget System of the Republic of Uzbekistan [5]

As can be seen from Figure 1, most national taxes are regulatory and are redistributed between the republican budget and local budgets in accordance with the norms of allocations.

The reason why these taxes are called "regulatory revenues" is that although they are a source of revenue for the republican budget as state taxes, local budgets are allocated to local budgets on the basis of norms in order to ensure the level of profitability. These norms will be stratified by type of tax and region and will be reviewed annually.

Standards of state taxes are reviewed annually and the amount is determined by the Oliy Majlis at the time of approval of the state budget. The norms allocated to these taxes will be stratified by taxes and regions and revised annually. In Uzbekistan, we can observe that these norms change from year to year (see Table 2).

Table 2: Standards of Deductions from National Taxes to the Budgets of the Republic of Karakalpakstan, Regions and the City of Tashkent in 2015-2019 (in%)

Name of regions	Corporate income tax			Deductions from the single tax payment for trade and catering enterprises			Deductions from the single tax payment for micro and small enterprises			Income tax from individuals			VAT			Subsoil use tax			Excise tax					
																			Fuel (gasoline, diesel fuel, jet fuel)			Alcoholic products (except ethyl alcohol)		
	2015 year	2016 year	2017 year	2015 year	2016 year	2017 year	2015 year	2016 year	2017 year	2015 year	2016 year	2017 year	2015 year	2016 year	2017 year	2015 year	2016 year	2017 year	2015 year	2016 year	2017 year	2015 year	2016 year	2017 year
The Republic of Karakalpakstan	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100				100	100	100
Andijan region	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100				100	100	100
Bukhara region	55	53	37	100	100	95	100	100	95	50	50	50	55	53	37			2	55	53	37	50	50	50

Name of regions																							
Jizzakh region	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100					
Kashkadarya region	52	60	29	100	100	95	100	100	95	100	100	100	52	60	29			2			50	50	50
Navoi region	57	55	37	100	100	100	100	100	100	57	55	37	57	55	37			2			50	50	50
Namangan region	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100			100	100	100
Samarkand region	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100			100	100	100
Surkhandarya region	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Syrdarya region	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100			100	100	100
Tashkent region	40	30	6	100	100	95	100	100	95	40	40	6	40	30	6			2			50	50	50
Fergana region	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Khorezm region	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100			100	100	100
Tashkent city	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2						50	50	20

Table 2: Continued [2]

Name of regions	Corporate income tax		Deductions from the single tax payment for trade and catering enterprises		Income tax from individuals		VAT		Subsoil use tax		Excise tax			
											Fuel (gasoline, diesel fuel, jet fuel)		Alcoholic products (except ethyl alcohol)	
	2018 year	2019 year	2018 year	2019 year	2018 year	2019 year	2018 year	2019 year	2018 year	2019 year	2018 year	2019 year	2018 year	2019 year
The Republic of Karakalpakstan	88	100	100		100	100	58	100					100	
Andijan region	65	100	100		100	100	100	60	100				100	
Bukhara region	79	100	100		100	100	5	20					100	
Jizzakh region	81	100	100		100	100	100	61	100				100	
Kashkadarya region	32	100	100		100	100	37	50					100	
Navoi region	92	100	100		100	100	31	26					100	
Namangan region	100	100	100		100	100	100	100	100				100	
Samarkand region	70	100	100		100	100	100	36	100				100	
Surkhandarya region	100	100	100		100	100	100	63	100		100		100	
Syrdarya region	90	100	100		100	100	73	29	100				100	
Tashkent region			100		74	77		20						
Fergana region	85	100	100		100	100	21	100	100				100	
Khorezm region	83	100	100		100	100	79	31	100				100	
Tashkent city			10		4	10								

If we analyze the rate of allocations from national taxes to local budgets in 2015-2019 on the basis of tabular data, the rate of allocations to some regions was increased in 2019 compared to 2015, while in others it was reduced. For example, in Bukhara region, 55% of corporate income tax was postponed in 20015, and 79% in 2019. In Navoi region, 57% of corporate income tax and VAT will be deferred in 2015, while in 2019 it will be 100% and 26%, respectively.

It can be seen that the determination of the amount of deductions does not have a definite regularity across regions and years. The high level of standards indicates not the interest in increasing tax collection, but the low economic potential of our regions. The establishment of high or low levels of allocations is directly related to the economic potential of the provinces.

Table 3: Amount of Subsidies to the Budget of the Republic of Karakalpakstan for 2005-2015, Local Budgets of Regions and the City of Tashkent [3]

(billion in soums)

№	Indicators	2006 y.	2007 y.	2008 y.	2009 y.	2010 y.	2011 y.	2012 y.	2013 y.	2014 y.	2015 y.	2016 y.	2017 y.	2018 y*.	2019 y
1.	The Republic of Karakalpakstan	41,1	68,1	98,1	129,3	162,4	318,5	385,5	454,8	495,4	506,4	475,5		606,7	
2.	Andijan region	53,1	80,7	121,6	178,2	197,6	359,0	470,7	543,1					872,0	1379,3
3.	Bukhara region													232,3	
4.	Jizzakh region	27,7	45,9	66,7	108,0	105,1	215,3	257,1	314,0	372,0	367,2	404,5	229,0	412,1	730,6
5.	Kashkadarya region													313,6	
6.	Navoi region													139,2	
7.	Namangan region	54,0	84,3	121,0	164,3	198,3	387,6	467,2	531,2	508,4	597,4	656,3	542,3	865,3	1312,2
8.	Samarkand region	126,0	123,0	162,6	253,5	269,1	547,5	655,7	771,5	642,3	250,0			992,3	1760,9
9.	Surkhandarya region	52,3	90,9	125,9	185,0	235,0	385,7	475,9	556,2	618,4	645,1	688,6	533,0	827,8	1214,8
10.	Syrdarya region	14,5	25,8	35,6	57,0	68,0	84,7	132,8	152,5	159,6	155,7	178,0	92,8	271.3	481,1
11.	Tashkent region													374.3	
12.	Fergana region													1033,3	
13.	Khorezm region	37,0	59,4	87,1	113,5	136,2	248,2	308,5	364,1	133,2				519,1	884,2
14.	Tashkent city														
	Jami	405,5	578,0	818,5	1 188,9	1372,0	2 546,5	3 153,4	3 687,4	2 929,1	2 521,8	2402,9	1397,1	7459,3	7763,1

[3] Prepared by the author on the basis of the Resolution of the President of the Republic of Uzbekistan on the forecast of key macroeconomic indicators and parameters of the state budget for the relevant years.

- In 2018, a large amount of subsidies was allocated to all regional budgets for the payment of salaries and uniform social benefits in relation to it, due to the fact that the monthly salaries of employees of the social sphere, including the education system, almost doubled.

The data in Table 3 reflect the following: Tashkent city, Bukhara, Kashkadarya, Navoi, Tashkent, Fergana regions (Andijan region since 2014, Khorezm region since 2015, Samarkand region since 2016, the Republic of Karakalpakstan since 2017) at the expense of their income and regulatory taxes balanced.

Surkhandarya, Syrdarya, Jizzakh and Namangan regions are balanced by regulatory taxes, transferable income and subsidies for employers' contributions, social benefits and centralized investments.

In addition to deductions from national taxes, transferable income and subsidies, Namangan and Surkhandarya regions also received subsidies in 2009. In 2010 and 2011, only Namangan region remained a subsidized region, and since 2012 no subsidies have been provided to the local budgets of any region. Subsidies are currently allocated from the regional budgets to the budgets of some districts and cities.

In 2013, a total of 3687.2 billion soums were allocated to 8 local budgets. In 2014, 2929.1 billion soums were allocated to 7 regions. soums. In 2015, 2521.8 billion soums were allocated to 6 local budgets. In 2016, 2402.9 billion soums were allocated to 5 local budgets. In 2017, 1397.1 billion soums were allocated to 4 local budgets. In 2018, a large amount of subsidies was allocated to all regional budgets for the payment of salaries and uniform social benefits in relation to it due to the fact that the monthly salaries of employees of the social sphere, including the education system, almost doubled [6].

An analysis of the practice of regulating local budgets shows that the old mechanism is still used, ie reliable types of taxes are first collected in the existing central (state) budget, and then a certain percentage of it is used to cover expenditures in local budgets. if the attached income is not enough, it is left as a deduction at a different percentage each year. This mechanism does not motivate local governments to increase their fixed revenues year by year. It is also clear that when determining the level of deductions from state taxes, they do not take into account how much of their life is equal to budget revenues. Therefore, in our opinion, at least when determining the interest rates to be allocated from the national taxes

Must be fixed at a fixed rate for 5 years. In addition, we believe that the amount of interest allocated from each state tax, the share of revenues from this tax should not exceed 1/3 of budget revenues. Only then will the economic interest of local governments increase, their budget revenues will be strengthened, there will be no interruptions in the timely financing of all activities, and the mechanism of implementation of local taxes and fees will increase.

Local taxes and levies today remain the most important financial basis for local governments to fully perform their functions and responsibilities. Today, local budgets finance public education, health and cultural institutions. Local budgets are a key component of the state's social protection policy. It should be noted that about 100% of social protection expenditures and about 60% of public capital investments are financed from local budgets. In this regard, the role of local taxes remains important.

The analysis shows that currently the expenditures of local budgets account for the highest share (58-60%) in the state budget expenditures of the republic. In turn, local budget revenues account for 55-58% of state budget revenues. Since the subject of our dissertation directly requires a comparative analysis of local taxes in the Republic of Uzbekistan with local taxes in foreign countries, we tried to compare these taxes with the characteristics of some countries (USA and Russia). The analysis concludes that local taxes in our country have a number of similarities with local taxes in the United States and Russia. These similarities are mainly due to the fact that local taxes are taxes that fall directly into the hands of local governments, the introduction of these taxes, their abolition, the organization of their collection is included in the powers of local governments, the allocation of state (federal) taxes to local budgets as subsidies; etc. It should be noted that these similarities are most pronounced with the local taxes of the Russian state. In our opinion, this is due to the fact that the Republic of Uzbekistan and Russia previously (during the former Soviet Union) had a single fiscal system.

As far as we know, the legal basis for local taxes in the Republic of Uzbekistan was the Law on Local Taxes and Duties, adopted in May 1993, before the Tax Code, which came into force on January 1, 1988. This law lost its force after the adoption of the Tax Code, and the main content of this law is reflected in Articles 6.7 of the Code. It should be noted, however, that the Law on Local Taxes and Duties clearly outlined the tax and budgetary rights of local authorities in terms of local taxes, although this was not fully reflected in the Tax Code. In this case, local taxes and levies are limited to specifying their types, and the tax rights of local authorities remain abstract. From this bond, in our opinion, as the role of local taxes increases, it is necessary to more fully reflect the cases of introduction, abolition and enforcement of these taxes, ie the addition of Articles 6 and 7 of the Tax Code and in which we believe that local governments need to have their tax rights clearly defined.

Our second proposal to improve local taxes and levies is related to this land tax. It is known that the land tax is levied on taxpayers regardless of their financial results, ie the physical, chemical properties of the land and the location of the land are the basis for determining taxes. However, it should be noted that the quality of land in the country is still based on data from many years ago. With this in mind, we believe that it is necessary to re-determine the quality of land objectively and, on this basis, to revise the tax rate.

The next proposal is to use the rich experience of local taxes in the tax system of foreign countries, taking into account the specifics of our national economy. In particular, in the tax system of the French state, local taxes play a significant role in budget revenues, and the tax rights of local governments in this country are broadly defined. In our opinion, it is expedient to apply the experience of local authorities in this country in the Republic, based on the experience gained in the right to set local taxes based on the socio-economic conditions of the regions.

Our next suggestion is for this property tax. It is known that at present, the tax rate for the collection of property tax on individuals is applied depending on whether the property is revalued or not revalued. In particular, in rural areas, if the property is not revalued, the tax is levied at 700,000 soums.

However, in our opinion, the majority of the population (62%) lives in rural areas, in the agricultural sector.

Given the low level of wages compared to other sectors, it would be advisable to set the value of the property for revalued assets at 300 or 400 thousand soums instead of seven hundred thousand soums.

In addition to the above, we believe that the following should be done today to ensure the effectiveness of the mechanism of local taxes and levies:

- A separate law should be enacted to introduce local taxes to local governments. Because the tax code does not reflect this process.
- New laws should be enacted to empower local governments to introduce domestic debt to reduce the tax burden on taxpayers on local taxes and levies.
- In order to finance the expenditures of local budgets, the percentage of deductions from national taxes should be fixed for at least 5 years, not annually.

IV. CONCLUSION AND RECOMMENDATIONS

In short, the deficit of the budget of the Republic of Karakalpakstan, local budgets of the regions and the city of Tashkent is not allowed. It is also necessary to attract funds for the adoption and implementation of these local budgets (except for budget loans from higher budgets), to spend more than the approved budget, to provide financial guarantees and sureties in favor of other legal entities and individuals from the relevant budgets. and the issuance of budget loans and credit lines to legal entities and individuals is not allowed.

Further strengthening of the revenue base of local budgets is one of the main directions of reforming the existing relations in the formation of budgets. In this regard, it is important to further increase the efficiency of taxation of property, land and resources. Improving the methodology for calculating this tax and the system of benefits is important in realizing the real increase in property tax revenues.

Another important source of revenue for local budgets is the long-term attachment of personal income tax to local budgets. Along with taxes, non-tax revenues should remain an important source of budgets, as this is important given the limited tax burden. Local governments need to learn how to use their property to increase their sources of income.

Searching new constructive approaches to the formation of a modern budget system and budget structure, the creation of a qualitatively new system of inter-budgetary relations to increase local budget revenues and the optimal coordination of their forms and methods will help stabilize the economy of Uzbekistan in the current global financial crisis.

- It is necessary to ensure the active participation of citizens in the process from drafting local budgets to its implementation. This will serve to ensure openness and transparency of the budget process, strengthen public control over the rational use of appropriate local budget funds;
- It is expedient to further expand the powers of local representative bodies in the formation and implementation of local budgets. This proposal serves to increase the responsibility of local representative bodies, as well as to ensure the independence of local budgets;
- The amount of reserve funds of local budgets should be set at not less than 1.5% of the total expenditures of the respective budgets. Its implementation will allow local budgets to finance urgent

and unpredictable expenditures, as well as measures to be taken in the event of socio-economic instability;

- Strict determination of the amount of allocations from certain national taxes on the basis of specific shares in order to ensure the balance of local budgets will further increase the responsibility of local authorities to implement the approved budget revenues and encourage the creation of additional reserves on a systematic basis;

- Based on modern requirements, it is necessary to optimize the structure of local budget expenditures, ie redistribution of certain groups of expenditures between the levels of the budget system. This will ensure the financial stability of local budgets.

REFERENCES

[1] The Constitution of the Republic of Uzbekistan. – *Tashkent: «O'zbekiston»,* 2009. - 37 p.

[2] Budget Code of the Republic of Uzbekistan, December 26, 2013.

[3] Law of the Republic of Uzbekistan "On local self-government bodies", *-T.: "Uzbekistan",* 1993.

[4] "Tax Code" of the Republic of Uzbekistan. Public finance system. A set of normative and legal documents. Volume 1. *–Tashkent: «O'zbekiston»* 2001. - 98-187 p.

[5] Gaybullaev O., Uroqov U. Budget system and process in the Republic of Uzbekistan. – *Tashkent: Baktria press,* 2016. - 168 p.

[6] Uroqov Uchqun. INCREASING THE INDEPENDENCE OF LOCAL BUDGETS IN THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE REGIONS. *International Journal of Economics, Commerce and Management.* Vol. VII, Issue 12, December 2019.

[7] Korotkova E.M. Antikrizisnoe upravlenie. – *M.: INFRA – M,* 2010. - 260 p.

[8] Aleshin V.A., A.I. Zotova. Finance. - Rostov n/ D: Feniks, 2009. – 346 p.

[9] 9. Barulin S.V. Finance. - *M.: KNORUS,* 2011. - 640 p.

[10] 10. Body Z., Merton R. Finance. - *M.: Williams Publishing House,* 2009. - 592 p.

[11] 11. Brovkina N.D. Control and audit. - *M.: INFRA - M,* 2010. - 346 p.

[12] 12. Vasilenko G.N. Legal basis of financial control in Russia and the European Union: - *M.: UNITY - DANA,* - 2010. - 87 p.

[13] 13. Vasilieva M.V., Maliy N.A. Financial policy - *Rostov n / a Phoenix.* 2008. - 220 p.

[14] Galitskaya S.V. Finance. - *M.: Eksmo,* 2007. - 336 p.

[15] Ivanova V.V., Kovalova V.V. Finance. - *M.: TC Welby,* 2008.-- 272 p.

[16] Ivanyuzhenko A.B. State and municipal financial control. (Book for accountability and control). - *SPb.: Nestro - History,* 2010. - 398 p.

[17] Kadomtseva S.V. Public finance. - *M.: INFRA - M,* 2010. - 352 p.