SOURCES AND METHODS OF FORMATION OF LOCAL BUDGET REVENUES

Rashidova Khadycha Tursunaliyevna
Termiz District, Surkhandarya Region Department of Economics,
Faculty of Economics and Tourism, Termiz State University Teacher of
the Department of Economics

Abstract: This article talks about sources and methods of formation of local budget revenues.
Key words: budget revenues, source, include line-item budgets, program budgets, performance budgets, zero-based budgets, residents.

The strategy for the development of Uzbekistan until 2035 is a logical continuation of the Action Strategy for 2017-2021 and is significant as it opens a new page in the development of our country. In order to achieve the goals set in the draft strategy, the reforms in each field should be carried out step by step, in order to ensure the sustainable development of the economy, the social proportionality of the state budget at all levels, while maintaining the focus budget tax on improving inter-budgetary relations aimed at maintaining balance, strengthening the revenue part of local budgets it is considered an important component of the budget system in the case of policy optimization. President of the Republic of Uzbekistan Sh.M. Mirziyoyev's Address to the Oliy Majlis stated: "It is known that the budget amount will definitely decrease when tax rates are reduced or certain taxes are abolished. This can be eliminated through effective tax administration and ensure budget stability. It is our first task to achieve this."

Revenues of local budgets and regional budgets of the state budget, establishing district and city funds, in which the sources of income and the amount of receipts from them, as well as for specific purposes during the financial year is the budget code, which stipulates the directions and amount of allocated funds. Revenues of local budgets and state budget expenditures are directed to the population living in the regions based on the distribution of the national income generated in the country and to strengthening the revenue part of local budgets that deliver its results.

It could be that local government managers think of this systems approach in terms of piecemeal parts, when in fact they are all related to the development, approval, implementation, and feedback processes. A public organization is viewed as an open system that includes six basic sub-systems, which are highlighted and explained here as they relate to the annual budget process:

This includes available revenues to finance public services for the coming fiscal year. A local government's revenues typically include non-restricted funds, restricted funds, and other possible funding sources as allocated and approved by its elected officials.

The services provided by a public organization are based on the available revenues from all sources as approved in its annual budget, which is a result of the annual budget development process that is explained below.

The budget preparation process includes four typical steps followed by public officials, both elected and appointed. These steps include administrative preparation, legislative approval,

financial implementation, and annual year-end accounting and financial reporting, which is usually performed by an independent outside auditor.

This process is in the best interest of everyone—residents, their elected officials, as well as the employees of a public organization. The output of the budget process is determined based on the available revenues and approved allocation of these revenues to pay for projected departmental services for the coming fiscal year. Available funds are allocated to finance the public services provided by the departments in a local government, as well as its approved capital projects, for the coming fiscal year. The common types of public budgets include line-item budgets, program budgets, performance budgets, zero-based budgets, and other evolving budget formats. Most local government budgets use a line-item format, with possible program performance measurements, where they have been developed. The financial feedback on the adopted budget is provided to both elected officials and administrators, based on an annual audit that is typically conducted by an outside independent auditor. This is usually required by a city's charter approved by its voters. This financially objective feedback is provided to the organization's major stakeholders for both the operating and capital budgets, including its elected officials, management staff, and residents.

It is typically placed online on a local government's public website;, copies are also placed in the public library to accommodate those residents who wish to review a hard copy of this annual report. The annual budget process is influenced by several factors that are composed of a public organization's operating, or organizational, environment. These factors include its political environment, its economic environment, its social environment, and its legal environment. All of these factors are interrelated and greatly influence all phases of the organization's annual budget process. While elected officials and their administrators have an influence on their internal environment, they have little control over their external environment. Elected officials typically create the political orientation of their organization, its political environment. While some local governments are liberal and others are conservative, many represent both political perspectives. Yet others change their political perspective over time. While the political portion of a local government's environment may change, the other components of a local government's budget process generally remain the same. They unfold annually and continually influence the organization's political, economic, social, and legal subsystems, all of which influence its annual budget process. Most of these other, primarily external, sub-systems change slowly over time.

Many aspects of a local government's environment are influenced by higher levels of government too, primarily their state government and the federal government. Local public officials, both elected and appointed, generally have little influence over these levels of government and usually only react and adapt to their respective mandates, available grants, and legal requirements. Local government revenue comes from property, sales, and other taxes; charges and fees; and transfers from federal and state governments. Taxes accounted for 42 percent of local general revenue in 2017. Local governments collected $1.7 trillion of general revenue in 2017. Revenue from property, sales, and other taxes totaled $707 billion, or 42 percent of general revenue. Intergovernmental transfers accounted for 36 percent of local general revenue in 2017. Local governments received about 32 percent of their general revenue from state government transfers (including indirect federal funds) and 4 percent directly from the federal government. Transfers for education programs account for over two-thirds of state government transfers to localities. Meanwhile, housing-program transfers are

about 40 percent of federal transfers to local governments. Local governments collected $509 billion from property taxes in 2017, or 30 percent of local government general revenue. This was localities' largest single source of tax revenue. Sales taxes (general and selective) provided local governments $124 billion (7 percent of general revenue) and individual income taxes accounted for $33 billion (2 percent). All other taxes—including corporate income taxes, hotel taxes, and business license taxes—provided $40 billion in revenue (2 percent). Charges and miscellaneous fees, such as water, sewerage, and parking meter fees collected by municipal or county governments, provided $385 billion (23 percent of local general revenue). Since 1977, the share of local general revenue from taxes has remained steady at about 40 percent. However, the composition of tax revenue has changed somewhat. The contribution of property taxes to general revenue declined from 34 percent in 1977 to 30 percent in 1979, fell to a low of 27 percent in 2000, then returned to 30 percent in recent years. Meanwhile, revenue from sales taxes steadily increased from 5 percent to 7 percent between 1977 to 2017.

To sum up all given information, it should be highlighted that The essence of local budgets is its purpose. This factor has a direct impact on the functions performed by local budgets. Local budget it is the most important support that directly affects the economic and social development of every region of the country. Local in Article 52 of the Budget Code processes related to the formation of budget revenues are highlighted, in which subsidies allocated from the republican budget, transferred revenues and subsidies are revenues of the budgets of the Republic of Karakalpakstan, regions and the city of Tashkent.

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