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## FORMATION OF BUDGET RESOURCES OF TERRITORIES AND SOCIO-ECONOMIC TASKS OF LOCAL BUDGET

### ФОРМИРОВАНИЕ БЮДЖЕТНЫХ РЕСУРСОВ ТЕРРИТОРИЙ И СОЦИАЛЬНО-ЭКОНОМИЧЕСКИХ ЗАДАЧ МЕСТНОГО БЮДЖЕТА

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*Abstract.* The article examines the actual issues of forming the resources of local budgets in interrelation with their social and economic tasks. It is substantiated that the increase in the role of the local budget in the social and economic development of the regions also requires deeper scientific and practical approaches to budget planning. According to the author, the budget revenue indicators are closely related to the indicators of the financial development of entrepreneurship in the region and are based on the indicators of the region's economic development. It was also noted that budget planning should also include major changes in income and expenditure. In conclusion, it was concluded that the development of medium-term forecasts of local budget revenues implies the identification of medium-term revenues. Such calculations are based on the rules of tax and mandatory payments, the expected indicators of socio-economic development of the region and data of the state program, which should be implemented in the region. The use of economic and mathematical methods of forecasting will further enhance its quality.

*Аннотация.* В статье исследованы актуальные вопросы формирования ресурсов местных бюджетов во взаимосвязи с их социально-экономическими задачами. Обосновано что увеличение роли местного бюджета в социально-экономическом развитии регионов также требует более глубоких научно-практических подходов к бюджетному планированию. По мнению автора, показатели доходов бюджета тесно связаны с показателями финансового развития предпринимательства в регионе и основаны на показателях экономического развития региона. Также отмечено, что планирование бюджета должно также включать основные изменения в доходы и расходы. В заключении сделан вывод том, что разработка среднесрочных прогнозов доходов местного бюджета предполагает идентификацию среднесрочных доходов. Такие расчеты основаны на правилах налоговых и обязательных платежей, ожидаемых показателях социально-экономического развития региона и данных государственной программы, которые должны быть реализованы в регионе. Использование экономических и математических методов прогнозирования будет способствовать дальнейшему повышению его качества.

*Keywords:* financial resources, budget resources, local budget, stability of budgetary resources, social and economic tasks.

*Ключевые слова:* финансовые ресурсы, бюджетные ресурсы, местный бюджет, стабильность бюджетных ресурсов, социально-экономические задачи.

### *Introduction*

Formation of incomes of regional budgets under the influence of the budgetary system of the Republic of Uzbekistan is expressed in two aspects. The first aspect is connected with the state regulation and organization of numerous budgetary interrelations in mobilizing budgetary resources at the disposal of the governing bodies of the subjects of Uzbekistan and using their resources in accordance with tasks arising from the functions of the region. The most difficult and important task of state regulation of regional incomes at the stage of formation is both. Local budgets are budgets of municipalities - administrative-territorial entities (administrative districts, towns, cities).

The budget of the municipality (local budget) is a form of education and expenditure of funds intended for ensuring the tasks and functions assigned to the subjects of local self-government. The local budget is the budget of the municipality, the formation, approval and execution of which are carried out by local self-government bodies.

Revenues of the local budget are monetary funds received free of charge in accordance with the legislation of the Republic of Uzbekistan at the disposal of local government bodies. The local budget means belong to the objects of municipal property. This determines the owner of budgetary funds, which is not an organ of local government, but an administrative-territorial entity. The bodies of power and administration carry out, within the limits of their competence, the disposal of this property.

### *Literature review*

In modern studies, two parallel scientific trends can be identified. One unites the work in the field of research on common problems of development management, the other - the problems of financial management of development management. So, on the basis of fundamental developments of the problems of general economic development of well-known contemporary authors R. Akoff, J. [1] Borts, P. Douglas, C. Cobb, M. Porter, R. Solow, successful development of strategic management and strategic planning, both in the business sphere, and in the territorial administration. Among the Russian authors, T. Konovalova [6], N. A. Kuzmina, A. V. Ulyukaev [7], N. A. Kuzmina, S. P. Sazonov, A. Busigin, I. O. Volzhin [8], R. Koch [9], Vetrov G. Yu [2], D. V. Margasov [10] successfully deal with these problems, P. Tsitsin, Y. Yakovets and others. From Uzbek scientists M. Sharifhodzhaev [13], H. Sobirov [12], Y. Abdullayev [13] and others have studied the issues of budget resources management in the regions. At the same time, there is a need to strengthen the interaction of these relatively independent areas of research, since a number of problems are at the "junction" of these two areas of research. These include the problems of financial support for the implementation of strategic plans and programs for the social and economic development of municipalities, strengthening their financial independence in conditions of the formation of local government and reform of the budget process, the order and sources of the development budget.

### *Discussion results*

The local budget is a form of education and spending of funds intended for financial support of the tasks and functions of local self-government. The local budget is classified as "public finances". The formation of the local budget is regulated by the Budget Code of the Republic of Uzbekistan. The incomes of local budgets, as well as the incomes of other levels of budgets, are

formed at the expense of tax and non-tax revenues. The latter include income from the use of property in municipal ownership, with the exception of the property of municipal budgetary and autonomous institutions, as well as property of municipal unitary enterprises, including state-owned enterprises, and revenues from paid services rendered by municipal public institutions. In addition, allocations are made to local budgets for financing the implementation of certain state powers transferred to local self-government bodies; allocations for financing the implementation by local governments of federal laws and laws of the subjects of the Russian Federation; allocations for compensation of additional expenses incurred as a result of decisions taken by public authorities leading to an increase in budget expenditures or a decrease in the incomes of municipalities, as well as other non-tax revenues coming to local budgets in accordance with the rules and regulations established by federal laws, The Russian Federation and legal acts of local self-government bodies. according to the author, the local budget should be viewed from the economic point of view, as the totality of economic relations between legal entities and individuals — participants in the accumulated centralized fund of financial resources of the municipality.

Local budgets play an important role in the process of Russia's social and economic development, providing financing for the main network of preschool institutions, schools, medical and social institutions. Studying the problems of forming budgets of municipalities, two areas of consideration of this issue are singled out: first, from the point of view of forming budgets directly in the local government, and secondly from the point of view of the authorities at a higher level. In the first case, the task facing the local authorities is to maximize the collection of taxes in order to cover the costs of activities carried out by municipalities in accordance with federal and city legislation. The task facing the higher authorities is the formation of the minimum budget of the municipal formation, i.e. formation of the minimum expenditure part of local budgets. Therefore, the most important condition for stability of interbudgetary relations is the creation of an integral system for the formation of the financial base of budgets at all levels, and especially municipal budgets. Expenditures of local budgets should be directed to creating favorable conditions for the activity of entrepreneurs and thereby increasing the revenue base of the budget. The activity of entrepreneurs can be directed to the fulfillment of tasks that are solved today by means of municipal enterprises and at the expense of the municipal budget. Obligations of local governments to citizens should be realized through mechanisms of municipal orders and targeted budget programs. To solve this problem, it is necessary to develop a scientifically grounded system of methods for implementing budgeting aimed at results in municipalities. The task of the budget in the results-based budgeting system is to establish expenditure priorities, to provide scope for operational management, to create incentives for saving funds, to closely link budget expenditures with the priorities of municipal policy. Expenditures are tied to functions, programs, services, activities and their results. The initial for planning activities is the justification of priorities and expected results through calculations of their effectiveness. The main is the program method of planning. Long-term carry-over limits of appropriations are established with their annual adjustment. Heads of structural units of the administration of the municipal entity and their subordinate enterprises are given the opportunity to manage funds in the form of transfer between articles and expenditure periods, since only the total amount of allocations for certain functions and activities is limited. The fixed amount of the budget stimulates its relative savings through the rationalization of activities. Responsibility for decision-making is delegated to the lower levels. Monitoring and subsequent audit of finances and results of activities are carried out.

In turn, the financial possibilities of each region are determined by many factors, the most important of which are availability and utilization of natural resources, sufficient level of economic

development, branch structure economics and adaptation to the requirements of the economy, specialization of the economy and the local region in the division of labor across the country as a whole, economic ties, personnel potential and others. Theoretically, the most optimal option is when the social and economic problems of the regions are unoccupied without the administrative interference of the central authorities at the expense of the financial resources of the region itself and additional resources that are independently attracted by the regions. But, in the conditions of Uzbekistan there are significant differences in the level of economic development of the regions and the application of such a principle means, in fact, preservation, the strengthening of these differences. In particular, the highest rates are in the cities of Tashkent, Kashkadarya, Navoi and Tashkent regions. The lowest index — in the Syrdarya, Jizzakh, Khorezm regions of the Republic of Karakalpakstan. Only in the Jizzakh region of Tashkent, the Republic of Karakalpakstan, Djizzak, Syrdarya and Khorezm regions are higher than the GRP”.

The Budget Code of the Republic of Uzbekistan establishes the principle of stability and permanent strengthening of the budget resources of the regions and it is expressed in the following:

- the stability of the revenue side of local budgets should be ensured through the effective development of the region's economic potential;
- sources of local budget revenues and rates of allocations to local budgets should be determined in accordance with the volume and composition of local budgets functions;
- rational attracted funds of state enterprises and organizations, as well as foreign investments for the purposes of social and economic development of the region and balanced and targeted use of the funds raised [2].

Resources of local budgets are managed by local authorities and revenues of local budgets are formed from local taxes and fees. In Uzbekistan, they are based on a common approach, enshrined in the Tax Code. It provides for payers of local taxes and fees, as well as benefits for them. These include, first of all, land tax and property tax, receipts on which are practically stable, and rates and amounts are indexed annually.

The Budget Code of the Republic of Uzbekistan specifically stipulates that democracy should be ensured in the formation and use of budgetary resources. All government bodies have their own budget resources and enjoy allotted budgetary rights. Such characteristic features of the state budget create opportunities for maneuvering by budgetary means and implementation of a rational budget policy [3].

It should be noted that the existing budget and tax legislation, as well as the organizational and administrative mechanism for its implementation in general, ensure a satisfactory functioning of the budget system and the fulfillment of socio-economic tasks. At the same time, there are certain problems in ensuring the integrity of the fiscal policy of the state, including at the regional level. “The formation of local budget revenues from national taxes is characterized by the inability to finance their expenditures from taxes and duties from local budgets, which are the main source of income. It should be noted that with limited powers of local taxes and fees of local authorities, the implementation of tax deductions from national taxes further limits their competitiveness in consolidating their income base” [4].

To solve them, the following measures must be taken sequentially;

- when implementing the integral budgetary-tax policy of the state, it is necessary to cover both topical problems for the regions and ensure their solution;
- The fiscal policy in the regions should be aimed at stimulating rational use of budgetary resources;

- The fiscal policy in each region should be built taking into account the natural, economic and social characteristics of the regions.

The economic reforms carried out in the country in recent years have yielded positive results in some regions. In the Namangan region in 2010-2016, at the expense of budgetary funds, 360 regional visits were created to rural medical stations, the regional cardiosurgery center, the regional tuberculosis hospital, the blood spill center, 11 hospitals and 2 dispensaries were reconstructed. Only in 2013, 11 vocational-technical colleges and 23 general schools were reconstructed and repaired.

In 2014, the budget revenues of the Namangan region amounted to 1114.46 billion soums, and expenses -1322.22 billion soums. In 2016, the budget revenues of the Namangan region amounted to 1,587.9 billion soums. Thus, the excess of expenses over income for 2 years decreased from 208.6 billion soums to 52.4 billion soums.

Sustainable economic development of Uzbekistan in recent years has significantly expanded the budgetary capacity of the regions. So, in the Namangan region there is a lot of Ukrainian technology, the technical base of the healthcare sphere. V 2016 harvested reconstructed children complex in 12 rayon region, was 36 bn. soums. The central polyclinic district and the family polyclinic of the Region cities delivered 56 units worth 256 mln. soums, a multidisciplinary central polyclinic established the FGDs for 47 million soums, the oncological dispensary received a new radio-burning apparatus worth 172 mln. sums [4].

It is crucial that full and transparent accountability of taxation objects is important in ensuring the sustainability of local budgets. The audit is mainly carried out by the tax authorities. As you know, the state-run financial review of business entities is carried out once every four years and tax authorities play a leading role. This is exactly what is being checked at exactly how accurately the taxable items are kept accountable. This arrangement helps to eliminate excessive barriers to entrepreneurial activity. However, on the other hand, taxpayers are likely to increase their chances of not being fully paid. It is unlikely that enterprises with joint stock companies will be left out of the form of taxation objects owned by state-owned companies, public funds, business entities providing financial services, and non-profit organizations. Because they also carry out mandatory audits every year. An independent audit firm is never in a position to dispose of the entity's tax obligations due to its full financial responsibility for the financial consequences of its investigations [4].

In general, the stability of local budget revenues will be primarily dependent on the stable financial performance of businesses in the region. The growing market integration, market competition, and the impact of external factors on the economy complicate the business environment, put new demands on business management and marketing activities. Business planning is important in business ventures. On the other hand, local government authorities have to work on their own financial and economic events, based on their own business. Sustainability of local budget revenues is based on business stability.

Increasing the role of the local budget in the socio-economic development of the regions also requires deeper scientifically-practical approaches to budget planning. Budget revenue indicators are closely related to indicators of financial development of entrepreneurship in the region and are based on indicators of economic development of the region.

At the moment, budgeting forecasts for the medium term (up to 3 years) are essential in the planning of local budgets' revenues. Such a forecast should be done in a slippery way, i.e. a budget forecast for the year and a budget forecast for the next three years.

In addition to the need for guaranteed resources to fund government programs for over a year, the need for medium-term forecasting will increase the transparency of budget processes and expand public control over the process. The main priorities of the socio-economic development of the region are more prominent in determining the medium-term prospect, and it will be possible to determine the appropriate measures. The medium-term forecast for individual sectors and institutions will allow for greater control of financial discipline.

Of course, budget planning should also include major revisions to revenues and expenditures. This implies that the needs of the local budget and the level of objective objectivity of their satisfaction should be set correctly, ie the established order and methodology for calculating the local budget expenditure, the relevant norms and limits of expenditure. Reasoning costs and saving budget resources will ultimately reduce taxpayers' relative and absolute indices of tax burden.

The development of medium-term forecasts of local budget revenues implies the identification of medium-term revenues. Such calculations are based on the rules for tax and mandatory payments, the expected indicators of socio-economic development of the region, and the state program data to be implemented in the region. The use of economic and mathematical methods in forecasting will help to further improve its quality.

It is important to identify the prospects for tax revenues in the forecast of local budget revenues. Planning of taxable income is primarily based on the general indicators of economic development of the region. Changes in the tax policy and the change in tax rates should also be taken into account. Changes may have impact on taxpayers' actions and tax revenue, and this effect may not always be positive.

Taxes on local budgets are planned by types of taxes. Each tax type privilege decreases the tax burden on the one hand, on the other, increases the scope of economic activity and the outcome of other taxes and mandatory payments.

Based on the above, the following conclusions can be made in this section:

- The sources of tax and non-tax revenue directly linked to local budgets are not adequate from the point of view of local budgets.
- In Namangan region there is an expansion of revenues of the regional budget.
- In order to ensure the stability of the local budget, it is necessary to introduce a good system of revenue planning, that is, shift planning.

### *Conclusion*

All the main methods of this budgeting are based on management technologies of private business (formulation of mission and strategies, application of the accrual accounting method, use of indicators of social and economic efficiency as analogs of the results of economic activity, risk accounting, etc.). Consequently, the transition to program-targeted budgeting requires a simultaneous reform of the principles of management - the transition from administrative methods to the use of economic activity. The implementation of the proposed measures to improve the effectiveness of intergovernmental fiscal relations should ensure the completion of the process of systemic reform of intergovernmental fiscal relations in the Russian Federation, as well as the creation of an effective, stable and transparent system of financial relations between authorities in the Russian Federation, capable of independent development on the basis of a combination of principles of independence of budgets of all levels and the unity of their common interests

Under present conditions, the scientific and financial and organizational and fiscal bases for the formation of budgetary resources in the regions provide the following conclusions.

The functions of the budget control mechanism should be further established to further improve the control over the formulation of budget resources and the efficient utilization of budgetary funds. The most important tasks associated with this are the provision of real and effective internal financial control over the budget-funded spheres and institutions. There is a growing need for independent auditor services and public involvement in the financial oversight of the local budget.

Local taxes and mandatory payments to the budget should play a major role in the formation of budgetary resources in the regions. The rights of local authorities should be expanded in the fiscal mechanism. Large-scale movements of financial resources between different levels of budgets have a negative impact on the financial responsibility of local authorities.

One of the factors that positively impacts on the sustainability of local budgets is transition to mitigating nature of budget planning.

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