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THE IMPACT OF THE TAX BURDEN ON THE ACTIVITIES OF TAXPAYERS

Abstract*: This article scientifically examines the theoretical basis of the impact of the tax burden on the activities of taxpayers. There, it discusses the concept of tax burden, optimization of tax burden, the impact of tax burden on the economy, its normative levels, the need to calculate the tax burden in the economy, methods of calculating the tax burden at the macro level, methods of calculating the tax burden at the micro level. In addition, the author studied the main directions of determining the level of the tax burden, the directions of the methodology for assessing the tax burden on legal entities and the impact of the tax burden on the legal entities and individual's activities.*

Key words*: taxes, tax system, tax burden, tax burden optimization, value added, sales revenue, Laffer curve, gross domestic product, taxpayers.*
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Introduction

Among the problems of the tax system, the problem of the tax burden occupies a central place. It reflects the final assessment of the tax policy and system of a particular state. It's an effective indicator of the country's tax reform and plays an important role in the economy.

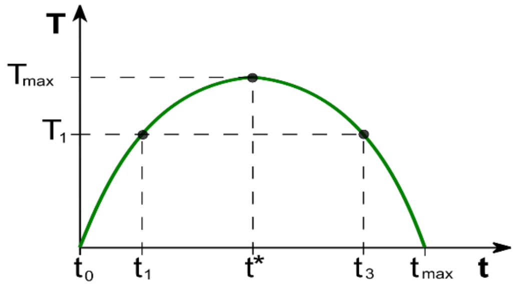
A prudent tax system that meets the needs of the state for financial resources does not negatively affect the production and entrepreneurial activities of taxpayers, but rather has a positive impact on finding effective ways of doing business. Therefore, the taxpayer's tax burden indicator will be sufficient to assess the quality of the country's tax system [5].

The tax burden represents a set of indicators of the country's tax system. A certain percentage of the income of individual business entities or other taxpayers is paid to the state in the form of taxes or other payments.

URGENCY

In "An Inquiry into the Nature and Causes of the Wealth of Nations", A.Smith focused on the relationship between the level of the tax burden and the state budget. "The state gains more from lowering the tax burden than from imposing hard-to-collect taxes. The remaining funds may remain as additional income that will be taxed to the treasury in the future. At the same time, the additional costs of the state related to penalties and mandatory payments will be reduced, and taxpayers will be able to make these payments more easily [1, 2].

American economist Arthur Laffer has proven that economic and government revenues grow as a result of tax cuts. This is called the Laffer curve.



T – the amount of taxes, t – the interest rate, %

Pic.1. Laffer curve

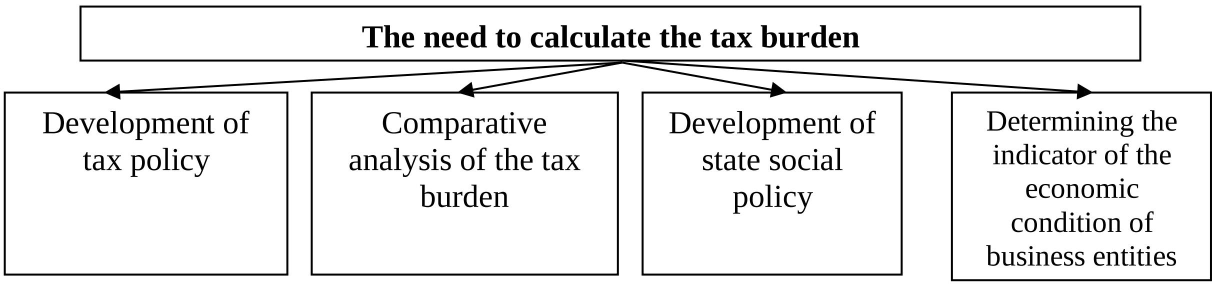
If t = 0, the state will have no tax revenue. If t = 100%, the result will be the same again for the state, because all the income of producers will be taken to the budget. There will be no interest in production. In all other cases of the tax rate, the state has a certain amount of income (0 <t <100%). When the tax rate is t °, tax revenues reach a maximum (T0 = Tmax). The conclusion is that reaching a certain level of the tax interest rate increases tax revenues, while a further increase in it, on the contrary, reduces tax revenues. The impact of economic entities on the dynamics of the tax rate is not felt immediately, but after some time. The Laffer curve shows that government revenue growth is objectively related to lower tax rates [3, 4].

THEORETICAL APPROCHES

In the XVIII-XIX centuries, foreign scholars analyzed the proportion between the budget and national income, the size of taxation of economic entities and citizens. The tax burden indicator and its impact on the economy was first pointed out in the 18th century. In this regard, F. Justi (1705-1771) studied at the macro level the relationship between the tax burden and the national income of the state. At the same time, he argued that the country's budget should be 1/6 of national income [6].

K.Gok justified the proportions between state budget expenditures and revenues and national income. He clearly believed that the tax burden, which was real for the country and was real at different stages of economic development, could not be a single, universal and at the same time optimal indicator [7].

Based on the above considerations, we can say that it is not possible to determine the tax burden indicator accurately and optimally for the same country or taxpayers, it can only be determined empirically. Because there is no other way to determine. There is no single methodology for specifying the tax burden for a particular country. The interest in the tax burden indicator in the economy, both theoretically and practically, is not in vain. The need to calculate the tax burden for each country can be schematically expressed as follows:



Pic. 2. The need to calculate the tax burden

ANALYTICAL PART

Based on the picture above, we can substantiate the role and importance of the tax burden indicator as follows.

Firstly, the calculation and determination of the tax burden is necessary for each state to develop a tax policy. By abolishing old taxes and introducing new taxes, setting tax rates and tax breaks, the state will not put pressure on the economy. From a macroeconomic point of view, the state used to determine the revenue side of the budget, the tax base and the impact of taxes on the economy through the tax burden.

Secondly, the tax burden indicator is necessary for a comparative analysis of the state with the tax burden and tax indicators of various other states. It is necessary for the location of production in the country, the distribution of investment and the movement of capital. This data also used for comparative analysis within the country and across regions.

The tax burden is an overall indicator of the role that taxes play in society. In many countries, the tax burden at the macroeconomic level is calculated relative to the total amount of taxes and levies on GDP [5]. It is as follows:

$$TB = \frac{T + P}{GDP} \times 100\%$$

There: **TB** – tax burden; **T** – tax; **P** - payments; **GDP** – gross domestic product.

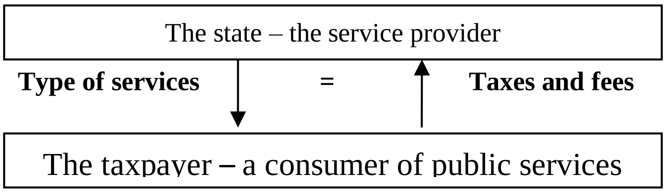
It should be noted that the role of taxes in the life of the state and society depends on geographical and climatic factors. Because these factors affect the development of the national economy and the ability to distinguish and compare with the economy of other countries.

Table 1. The average tax burden in European countries [8]

Countries	Tax burden according to GDP, %
Germany	42,9
Belgium	46,4
Denmark	52,8
France	46,3
Italy	42,9
The Netherlands	44,8
Austria	45,5
Sweden	54,2
United Kingdom	33,9
Spain	35,5

The table shows that the tax burden is high in countries with socially oriented market economies. In other words, the tax burden to one degree or another is manifested as a means of return to the state. This is because the level of social orientation of public policy emerges as an important factor in the dynamic development of the economy by the state.

Thirdly, tax burden indicators affect a state's social policy. The state develops its social policy based on the results of this indicator. Plans spending on defense, security services, education, medicine, science and training. That is, the state provides various services to the population. Due to this, the taxpayer collects taxes from the population and legal entities. The essence of the problem here is to determine the optimal level of tax amount, because the taxpayer wants to receive social services in the amount of taxes paid to the state.



Pic. 3. The relationship between the state and taxpayers

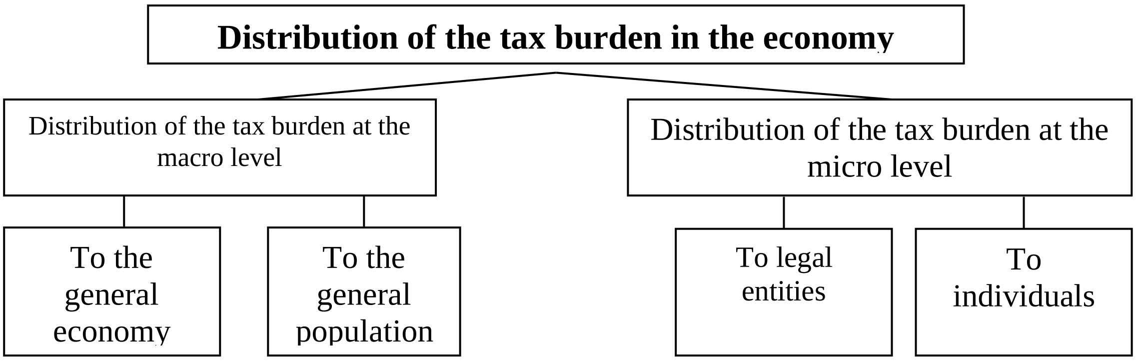
Based on this, the state determines the tax burden and returns these funds to taxpayers through various services. We can see this even more clearly in the diagram below. Paying attention to the basics of taxation, elaborating it carefully, correctly determining the terms and amount of payment leads to the establishment of a fair tax burden.

Fourthly, tax burden indicators are used to determine the economic activity of economic entities. It is this indicator that determines the direction of investment in production. The tax burden is a great help in solving such issues as the development and reduction of production, regulation of the economy, the solution of production problems by industries, the creation of new jobs, the normalization of consumption and savings processes, the direction of investment.

Theoretically, the determination of the tax burden in the economy is carried out in two directions. That is, it is determined at the macro and micro levels.

At the macro level, the tax burden can be divided into two, that is, the tax burden on the whole economy and the population as a whole. This figure is general and is defined as the share of taxes and fees in relation to GDP, as mentioned above.

Impact Factor:
ISRA (India) = 6.317 | SIS (USA) = 0.912 | ICV (Poland) = 6.630
ISI (Dubai, UAE) = 1.582 | РИНЦ (Russia) = 0.126 | PIF (India) = 1.940
GIF (Australia) = 0.564 | ESJI (KZ) = 9.035 | IBI (India) = 4.260
JIF = 1.500 | SJIF (Morocco) = 7.184 | OAJI (USA) = 0.350



Pic. 4. Main directions of the determining the level of the tax burden

Macro-level refers to the tax system of the whole country, in other words, the state's intervention in the economy, its tax pressure. In this case, the tax burden is distributed to enterprises, industries and sectors. Also, the macro-level tax burden is insignificant for each of the legal entities and individuals. Because they pay taxes and fees to the budget and extra-budgetary funds from their own income [9].

When we analyze the structure of state budget revenues in the developed countries of the world, the main taxes in the GDP, ie income taxes, play a key role. The share of indirect taxes is low. In the Republic of Uzbekistan, we can see the opposite. This is because in the context of the transition to market relations, indirect taxes perform a more fiscal function and are necessary for the state. This view is also valid from the point of view of manufacturers. However, the main part of the tax burden is gradually falling on the population. Because the final consumers of products (works, services) are individuals. The real payer of indirect taxes is also the consumer of goods (works, services). From this we can say that individuals also pay taxes and indirect taxes that they pay. There are also some types of taxes paid by legal entities that are included in the cost of the product. Taxes included in the cost of production are also borne by individuals. Therefore, these indicators should be taken into account when calculating the tax burden on individuals.

World experience shows that as a result of increasing the tax burden on taxpayers (increasing the tax burden and raising tax rates, removing tax benefits, etc.) initially increases tax revenues, and when it reaches a maximum, these indicators begin to decline. As a result, budget revenues are declining and a certain proportion of taxpayers are in decline or production is declining, while the rest of the taxpayers are illegally evading taxes. The result is a shadow economy [10].

Todays, when making changes to the tax legislation, many countries are on the way to removing benefits and deductions, trying to introduce new fees. However, this leads to a sharp decline in income and taxable capital.

The world experience in taxation shows that taking more taxpayers 'income as tax leads to a decrease in investment in the economy. If the tax rate reaches 40 percent of income, it will have a negative impact on business development and expansion of production.

In other words, an effective tax system should meet the needs of the state by receiving 1/3 of the income. At the same time, the exact indicator of the tax burden is manifested differently in different countries at the macro and micro levels. It is primarily a matter of obligations between the state and taxpayers. The level of the tax burden depends on the budget expenditures for the provision of medical, educational, communal and other services to the population of the state. In Sweden, for example, the population donates 50 percent of their income to the state treasury, which does not negatively affect production efficiency. This is not surprising, as the state has been extensively protecting taxpayers economically and socially.

CONCLUSION

Each country determines the tax burden based on its different national characteristics and production. There are tens of thousands of operating enterprises with different characteristics in each country. Each of them has different options in paying taxes. Therefore, in the comparative analysis of the tax burden at the national level and in the calculation of the tax burden at the macro level, it is expedient to calculate the ratio of taxes and fees to GDP.

In summary, tax burden indicators are a key factor in the development of tax, investment and social policy of the state. Including:

- The tax burden in the country's economy is the result of state tax policy, which reflects the qualitative characteristics of any tax system. At the same time, the level of taxes levied determined, on the one hand, by the efficiency of social production, and, on the other hand, by the amount of the state's need for financial resources. Therefore, reducing the weight of the tax burden is primarily associated with reducing government spending;

- The state based on the indicator of the tax burden in the development of its social policy, which serves as the main source for it;

- The results of research show that there is no clear methodology for calculating the tax burden on businesses. It should be based on several methods to calculate and analyze it.

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