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Issue Article

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TAX BUDGET AND ITS CALCULATION PROBLEMS IN THE ECONOMY

Abstract*: This article is a scientific and theoretical study of the tax burden in the economy and the problems of its calculation, in which the need to calculate the tax burden in the national economy, the distribution of the tax burden in the economy, the distribution of the tax burden among taxpayers. Also, the calculation directions of the tax burden are studied on legal entities and individuals.*

Key words*: tax system, tax burden, gross domestic product, taxpayers.*

Language*: English*

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Introduction

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

Urgency

Therefore, the taxpayer's tax burden indicator will be sufficient to assess the quality of the country's tax system. 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 fees.

Research methodology

A.Smith, who lived and worked in the XVIII century, in his book "Study of the nature of peoples and the causes of enrichment" paid special attention to the relationship between the level of the tax burden and the state budget. "The state benefits more from reducing the tax burden than from imposing hard-to-collect taxes. The remaining funds may remain as additional income to be paid 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].

For more than two hundred years, financial science has been studying the impact of taxes on the income of the population and the economy. So far, scientists are trying to determine the basicity of the level of taxation and the issue of determining the indicator of the tax burden.

In the XVIII-XIX centuries, foreign scholars analyzed the proportion between the budget and national income, the size of taxes on businesses and citizens. The tax burden and its impact on the economy were first mentioned in the 18th century. In this regard, F. Justi studied the tax burden at the macro level at the link between the budget 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.

K. Gok justified the proportions between state budget expenditures and revenues and national income. He believed that a tax burden that was real for a particular country, justified at different stages of economic development, could not be a single, universal and at the same time optimal indicator [3].

Based on the above considerations, we can say that it is not possible to accurately and optimally determine the tax burden indicator 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 amount of reparations after World War I necessitated the development of precise methods of measuring the weight of the tax burden to pay off Allied debts. The purpose of these methods was to provide a basis for further study of the weight of the tax burden on the economy as a whole, at the intersections of particular social groups of the population, and within production sectors.

Theoretical approches

The interest in the tax burden in the economy, both theoretically and practically, is not in vain. We can justify the necessity and importance of calculating the tax burden for the country as follows:

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

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

Analytical part

A gradual change in taxation will make it possible to determine an important factor - the tax burden for different periods.

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 relative to GDP [5].

The role of taxes in the life of the state and society depends on geographical and climatic factors. Because the factors affect the development of the national economy and the state has the ability to differentiate and compare the economy.

As a result, the state determines the tax burden and returns these funds to taxpayers through various services. We can see this 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.

Fourth, the indicators of the tax burden 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 addressing issues such as the development and reduction of production, regulation of the economy, solving production problems by industry, creating new jobs, normalization of consumption and savings processes of economic entities, investment orientation.

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

At the macro level, we can divide the tax burden 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. Macro-level refers to the tax system of the whole country, in other words, it means 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 on legal entities and individuals is insignificant. Because they pay taxes and fees to the budget and extra-budgetary funds from their own income.

The tax burden on the general population is calculated as the ratio of all taxes collected by the population to GDP. The world experience shows the tax burden on the population again at the micro and macro levels. The micro level is the tax payment of one person, the macro level is the tax payment of the general population. It is important that each family calculates the tax burden as a tax subject. The tax burden on the population represents all taxes levied per capita.

In the study, we also found it necessary to dwell on the tax burden on the population of the country. This is because the tax burden in the country is paid by two entities, namely a legal entity and an individual. The experience of developed countries shows that the bulk of the tax burden falls on individuals.

When analyzing 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 this is necessary for the state. This view is also valid from the point of view of manufacturers. However, the bulk of the tax burden is falling on the population. Because the final consumers of products (works, services) are individuals. The real payer of indirect taxes is also a 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.

When we take the sum of indirect taxes, taxes paid by individuals, property and land taxes included by legal entities in products (works, services) from the indicators of state budget revenues, we can see the total tax burden on individuals or how much they form budget revenues.

If we analyze the tax burden on the population more precisely, if we divide all the taxes paid by individuals by the average annual number of the population, we get the amount of tax per capita. This determines the average tax amount per person. In the economic literature, GDP per capita is an indicator. Taxes allocate a certain part of GDP to the budget. So, there is an integral connection between these two economic categories.

The assessment of the tax burden on the population should be based on the sum of all taxes paid by the population. The complexity of the calculation based on the above formula is that it is difficult to determine the amount of tax paid directly and indirectly by the population. In this sense, the population is the main consumer and therefore bears the main tax burden.

The tax burden on the employee (wage earner) consists of income tax. This indicator is used to analyze the income tax burden in different countries. This figure is higher in developed countries. This tax alone accounts for more than 45 percent of the U.S. federal budget.

One of the problems in determining the tax burden for legal entities is that while some economists calculate all the taxes and levies paid by a legal entity in relation to value added, others calculate it in relation to the net income from product sales. No definite decision has yet been made on this.

The tax burden on legal entities is determined by their income. According to him, the tax burden is calculated based on sales of products. Based on this indicator, income tax is determined. Also, sales profits are not always a source of taxation. Therefore, some taxes of the legal entity will not have an impact on this indicator.

Each type of tax has its own evaluation criteria, regardless of its source. The most important thing is the profit of the enterprise. That is, taxes and fees paid by a legal entity are defined as the effect on the profit margin or their share. In addition, the payments of legal entities are determined in relation to its net profit.

Many economic literatures argue that the rate of profit or net profit cannot accurately reflect the tax burden of legal entities. We do not think that the above formula accurately represents the tax burden of a legal entity. The above formula determines how taxes affect the legal entity’s profit and net profit ratios. This is just one aspect of the formulas that express the tax burden on a legal entity and the impact of taxes on it.

Another way to determine the tax burden on businesses is to set it against value added. Value added is the value created by a legal entity over a period of time. That is, a legal entity buys a commodity or raw material at a certain price and adds value to it during its processing. This is a value created during this period. This figure is the source of all taxes. If a legal entity does not create value added, it is not considered a taxpayer (other than property and land taxes) and cannot create a taxable source. The value added tax indicator, calculated on the basis of value added, more broadly reflects the tax burden of a legal entity.

Value added includes depreciation allowances, wages, social security contributions, curves and other taxes, as well as profits. Therefore, the calculation of the tax burden under this method is more complicated.

Experience in applying these methods of calculating the tax burden shows that none of them can be the most optimal option for calculating the tax burden. Only a cross-comparison of the various indicators is close to determining the relative tax burden.

At the same time, tax theory recommends that direct taxes be between the buyer and the consumer, regardless of the nature of the product. Therefore, it is not possible to determine a universal tax burden for businesses.

Each of the methods of calculating the tax burden in today's practice has its advantages and disadvantages. Therefore, none of them can guarantee the establishment of an absolute tax burden in sectors of the economy.

Also, the sectors of the economy have their own production characteristics, such as labor productivity, material base, capital turnover, product seasonality. These factors also do not allow the determination of a single universal tax burden.

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.), tax revenues initially increase, and after reaching a maximum, these figures 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.

Nowadays, when making changes to the tax legislation, many states 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 of taxation shows that taking more taxpayers ’income as a 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 production expansion.

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

After all, the tax burden should not harm the activities of a particular taxpayer. Therefore, the state should use averages in determining the tax burden.

Of course, 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 state 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.

Conclusion

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

- The tax burden on the country's economy is the result of state tax policy and represents a qualitative characteristic of any tax system. At the same time, the level of taxes levied is 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 related to reducing government spending;

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

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

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