

ENSURING THE EFFICIENCY OF PERFORMANCE OF TAXABLE REVENUES OF THE STATE BUDGET

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Article history:		Abstract:
Received:	8 th February 2024	The efficient collection and management of taxable revenues is a crucial aspect of a nation's fiscal policy, as it directly impacts the state's ability to fund its various expenditures and implement its development programs. The state budget, which is primarily financed through taxable revenues, plays a vital role in promoting economic growth, providing public goods and services, and ensuring social welfare. However, the efficiency of performance of taxable revenues of the state budget is often hampered by various challenges, including tax evasion, corruption, and inefficient tax administration. Therefore, it is essential to identify and address these challenges to ensure the optimal performance of taxable revenues and thereby promote the overall development of the nation. In this article, we will give data about the efficiency of performance of taxable revenues of country budget.
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INTRODUCTION: Government activities, including the provision of public services, rely on taxes collected from citizens and businesses. Government tax administrations perform the important functions of interpreting tax legislation; collecting various taxes and social security contributions; and enforcing tax laws. As governments look to consolidate finances, many have placed stricter limits on the funds available to tax revenue bodies. As a result, there is growing attention on increasing the efficiency of tax administrations in order to reduce costs while providing better services to citizens and businesses. Efficiency gains depend on how well these organizations design their internal organizational structures; how well they allocate budgeted funds to meet new or changed priorities; how they utilize ICTs and e-government initiatives to reduce costs; and how they determine the levels, remuneration and mix of their staff.

The cost of collection ratio compares the annual costs of administration incurred by a revenue body with the total revenue collected over the course of a fiscal year. Observed over time, a downward trend can constitute evidence of a reduction in relative costs (i.e. improved efficiency) and/or improved tax compliance (i.e. improved effectiveness). For the vast majority of revenue bodies, there is a decreasing trend in their ratios up to 2007 most likely due to reduced costs (i.e. increased efficiency) or strong economies that boosted tax collections. However, for many revenue bodies, ratios increased in 2009 most likely as a result of reduced economic activity and tax receipts in the aftermath of the global financial and economic crisis.

One of the primary challenges facing the efficient collection of taxable revenues is tax evasion. Tax evasion refers to the illegal non-payment of taxes by individuals and businesses, resulting in significant revenue losses for the state. According to the International Monetary Fund (IMF), tax evasion is estimated to result in revenue losses of up to 5% of a country's Gross Domestic Product (GDP). In developing countries, where tax evasion is more prevalent, the revenue losses can be as high as 10% of GDP. To combat tax evasion, governments must implement effective tax enforcement mechanisms, including regular audits, penalties for non-compliance, and incentives for voluntary compliance.

Another challenge facing the efficient collection of taxable revenues is corruption. Corruption in tax administration can take many forms, including bribery, nepotism, and embezzlement. According to Transparency International, corruption in tax administration is a significant problem in many countries, resulting in revenue losses and undermining trust in government. To address corruption, governments must implement robust anti-corruption measures, including the establishment of independent anti-corruption agencies, the implementation of transparent tax administration systems, and the prosecution of corrupt officials.

Inefficient tax administration is another challenge facing the efficient collection of taxable revenues. Inefficient tax administration can result in delays, errors, and inefficiencies in the tax collection process, leading to revenue losses and increased costs for taxpayers. To address inefficient tax administration, governments must implement modern tax

administration systems, including electronic filing and payment systems, and provide adequate training and resources to tax officials.

In addition to these challenges, the efficient collection of taxable revenues is also affected by the complexity of tax laws and regulations. Complex tax laws and regulations can create confusion and uncertainty among taxpayers, leading to non-compliance and revenue losses. To address this challenge, governments must simplify tax laws and regulations, provide clear guidance and support to taxpayers, and implement tax reforms that promote fairness, equity, and simplicity.

Furthermore, the efficient collection of taxable revenues is also affected by the lack of transparency and accountability in tax administration. Lack of transparency and accountability can lead to corruption, inefficiency, and abuse of power, resulting in revenue losses and undermining trust in government. To address this challenge, governments must implement transparent tax administration systems, provide regular reports and updates on tax revenue collection, and establish independent oversight bodies to monitor tax administration.

To ensure the efficient performance of taxable revenues of the state budget, governments must also adopt a holistic approach to tax policy and administration. This approach must take into account the broader economic, social, and political context, and must be based on principles of fairness, equity, and simplicity. Governments must also engage in regular dialogue and consultation with taxpayers, civil society, and other stakeholders to ensure that tax policies and administration are responsive to their needs and concerns.

CONCLUSION

In conclusion, ensuring the efficiency of performance of taxable revenues of the state budget is a critical aspect of a nation's fiscal policy. The challenges facing the efficient collection of taxable revenues, including tax evasion, corruption, inefficient tax administration, complex tax laws and regulations, and lack of transparency and accountability, must be addressed through effective tax enforcement mechanisms, robust anti-corruption measures, modern tax administration systems, simplified tax laws and regulations, and transparent and accountable tax administration. By adopting a holistic approach to tax policy and administration, governments can promote the efficient collection of taxable revenues, ensure the optimal performance of the state budget, and thereby promote the overall development of the nation.

Recommendations:

1. Governments must implement effective tax enforcement mechanisms, including regular audits, penalties for non-compliance, and incentives for voluntary compliance, to combat tax evasion.
2. Governments must implement robust anti-corruption measures, including the establishment of independent anti-corruption agencies, the implementation of transparent tax administration systems, and the prosecution of corrupt officials, to address corruption in tax administration.
3. Governments must implement modern tax administration systems, including electronic filing and payment systems, and provide adequate training and resources to tax officials, to address inefficient tax administration.
4. Governments must simplify tax laws and regulations, provide clear guidance and support to taxpayers, and implement tax reforms that promote fairness, equity, and simplicity, to address the complexity of tax laws and regulations.
5. Governments must implement transparent tax administration systems, provide regular reports and updates on tax revenue collection, and establish independent oversight bodies to monitor tax administration, to address the lack of transparency and accountability in tax administration.
6. Governments must adopt a holistic approach to tax policy and administration, taking into account the broader economic, social, and political context, and must be based on principles of fairness, equity, and simplicity.
7. Governments must engage in regular dialogue and consultation with taxpayers, civil society, and other stakeholders to ensure that tax policies and administration are responsive to their needs and concerns.

By implementing these recommendations, governments can ensure the efficient performance of taxable revenues of the state budget, promote economic growth, provide public goods and services, and ensure social welfare.

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