E-ISSN: 2997-934X
American Journal of Business Practice
https://semantjournals.org/index.php/AJBP

| Research Article

Check for updates

On the Assessment of the Tax Burden that Can Reflect the Financial Provision of the Budget Needs

Khamroev M
Ph.D, Associate professor, KIUT Samarkand branch
Asrorova M. J
student, KIUT Samarkand branch

Abstract: The article examines the importance of the tax burden as the most important indicator reflecting the financial security of enterprises. Not only the share of the burden in GDP is noted, but also the lack of an acceptable methodology for calculating it within the framework of economic entities or enterprises. In this regard, special attention is paid to the analysis of the tax burden, defining it as a universal indicator that allows comparing and identifying a stable level at enterprises in various sectors of the economy. The article provides indicators that affect the level of the tax burden of enterprises, it is noted that enterprises experience sensitivity to the tax burden and should actively seek to reduce it. A number of proposals are given for determining its economic boundary.

Key words: absolute and relative tax burden, tax burden forecasting, optimization, non-tax income, instability, inflation, tax policy, tax regime, taxation regime, added value.

This is an open-access article under the CC-BY 4.0 license

INTRODUCTION

The state of affairs at the stage of tax relations direction generally depends on the quality of decisions taken by the relevant state management bodies. Any decisions (business, organizational, technical, economic, financial, legal) predetermine the measures of financial impact: what exactly should be reduced at the regulated object and what these innovative changes should be. Therefore, the most important component of scientific regulation of the tax system is the assessment of the effectiveness of the tax burden of both planned (at the adoption stage) decisions and those already implemented. Such an assessment in the first case allows one to be convinced either of the validity of the measures taken, or of their insufficient effectiveness and the need to make adjustments to the draft decision. In the second case, feedback is provided, thanks to which one can judge the achievement of the goal of effective management.

Methods. The scientific article uses empirical research methods such as observation, comparison, as well as analysis, induction and deduction.

In modern conditions, as the activities of enterprises expand, in particular, and those with an innovative focus, it is important to justify the economic boundaries of the tax burden, the definition of which requires the correct choice of alternatives. This largely depends on the reliability of the methods for assessing the effectiveness of the tax system, the provision of financial resources, and the necessary budget needs.

It follows from the above that the tax system and its transparency depend on the existence of an effective tax system, which should, on the one hand, provide the budget with financial resources within the framework of real needs, and on the other hand, stimulate the activities of enterprises.

The budget's need for resources is determined by the tax burden. Therefore, the latter should be an indicator of the tax climate. The inclusion of this indicator in the initial data can only be based on the needs of the budget, the need to improve the validity of decisions taken. Therefore, the entire system of budget revenue formation should be oriented towards increasing production efficiency.

It does not follow from the above that control figures determining the tax burden in the process of developing forecasts are necessary. For this, it is only necessary to change the boundaries of the tax burden in relation to GDP. It seems that control figures are necessary for calculating the tax burden taking into account the direction of industry activity. In this case, higher management bodies, using the economic levers established for them, will have to direct activities to achieve control and forecast figures that can ensure a balance of tax revenues and budget expenditures, dynamic growth of budget revenues and expenditures.

Literature review . The indicators taken into account when calculating the tax burden are given in the economic literature, but within the framework of enterprises that differ in the composition of taxes included in the calculation.

The survey results showed that most enterprises still continue to assess the tax burden based on volumetric cost indicators. In our opinion, such a calculation is contrary to the most complete satisfaction of taxpayers' needs. Therefore, determining the optimal amount of tax burden would allow taxpayers to independently calculate the optimal share, as well as predict the tax burden for a specific period. If necessary, taxpayers would be able to optimize the tax burden.

Analysis and Results. Customs duties are mandatory to pay, they have the main features of taxes. They are one of the types of indirect taxes. [1]Therefore, despite the fact that customs duties paid by entrepreneurs in the Republic of Uzbekistan are classified as tax revenues [2], they should be taken into account when calculating the tax burden. Their share currently for entrepreneurs is more than 85% of the total amount, and for other enterprises and individual entrepreneurs the tax burden is significantly lower.

So, currently there are two options (i.e. with and without taking into account) of tax duties (see: Table 1).

Table 1 Tax burden in the Republic of Uzbekistan in 2020-2022 (in %)[3]

Indicators	2020	2021	2022
Tax burden (including customs duties) to GDP	29.5	28.7	27.4
of which: customs duties	5.6	6.5	6.8
the same, excluding customs duties	23.9	22.2	20.6

[1] Ibid., pp. 206-225.
[2] Tax Code of the Republic of Uzbekistan . - T.: State Tax Committee of the Republic of Uzbekistan, 2019.
[3] Ibid.

As follows from Table 1:

- the share of customs duties in GDP for the analyzed period fluctuates between 5.6 and 6.8%. This share is more significant. Therefore, it can have a significant impact on the level of the tax burden;

- fluctuations in the tax burden within the range of 27.4 – 29.5% are more moderate.

This level of tax burden is very close to the indicators of a number of industrially developed countries; on average, the tax burden in the OECD countries of the European zone is 38%, in Germany – 36.2%, Great Britain – 36.6%, Spain – 37.2%, the Czech Republic – 36.4%.[4]

Improvement of the methodology of economic assessment of the tax system efficiency can advance significantly if the necessary research is conducted at the junction of the theory of efficiency and regulation of tax revenues to budget revenues in accordance with expenditures in target areas. Because financial support of budget needs is one of the most important components of financial science. The area of intersection of the objects of research in both cases is precisely the criterion for determining the economic boundary of the tax burden.

If the first deals with the substantiation of the effectiveness of decisions taken, taking into account their direction and the results achieved after certain periods of functioning of the production and economic activities of taxpayers, then the second deals with the criteria and methods for determining the effectiveness of resource costs.

One of the fundamental concepts of taxes is “feedback”, which is achieved through a comparison of expected and actual performance.

In the conditions of instability of production and the presence of inflationary growth and budget deficit, it is becoming more difficult to pay taxes, which has become a subject of heated discussion. Taxpayers feel the weight of the tax burden more acutely and are actively looking for ways to reduce it. It is becoming more difficult for business entities to pay taxes. They feel the weight of the tax burden more acutely and are actively looking for various ways to reduce it or maintain it at the previous level. But despite this, it is becoming clear to us that it is becoming difficult to change the level of the tax rate, even in the near future this issue will be at the center of discussions and tax policy conducted in the country.

Analysis of the state of the problem under study.

The theory and practice of calculating the tax burden do not adequately reflect the severity of tax liabilities. As a rule, tax regimes are widely used in practice. This is due to a significant reduction in the relative size of the tax burden. Of course, this requires deep theoretical understanding. Probably, other, more significant approaches or effective solutions will be found. However, it is no longer possible to ignore the pressing problem. Avoiding this will open the way to the shadow economy, due to tax evasion.

[4] Sources: www . minfin . ru ; www . gks . ru : www . tax . ru ; National accounts of Russia in 2000-2007. Stat. Sat.- M., 2008.- P. 10.; Chernik D.G. Theory and history of taxation: a textbook for universities / D.G. Chernik , Yu.D. Shmelev ; edited by D.G. Chernik .- M.: Yurayt , 2022.- 364 p.; Toshmatov Sh. Korhonalarni rivozlantirish key roles: Monograph. - T.: Fan va technology, 2008. - 204 p.; Sukhorukova N.V., Tsvyrko A.A. Optimization of the tax planning system of business entities // Taxes and finance. - 2019. - No. 2. - P. 7-13; Knyazev V.G. Tax systems of foreign countries: a textbook / V.G.Knyazev , D.G.Chernik . - M.: Law and Right, UNITY, 1997.- 356 p.; Aliev B.Kh. Tax system of foreign countries / B.Kh.Aliyev , H.M.Musaev . - M.: UNITY-DANA, 2013.- 216 p.; Bobrova A.V. Taxes and taxation. Tax planning: a textbook. - Chelyabinsk : South -Ural. Institute of Management and Economics, 2016. - 350 p.; Kashin V.A., Ponomareva N.V. Improving tax control: experience of developed countries // Finance. No. 11, 2012. - P. 27-30.; Tax Code of the Republic of Uzbekistan. - T.: State Tax Committee of the Republic of Uzbekistan , 2019.

For many decades, this has been the starting point in all studies on determining tax burdens. In all cases, the question was to determine the real limit of the tax burden without harming the interests of taxpayers.

However, the tax regime has not been postponed. The cornerstone of this problem lies in the quantitative determination of the sizes and order of providing tax rates, benefits, and control over their targeted use.[5]

The lack of a methodology for calculating the tax burden does not allow for uniform rules to determine its share for different enterprises and compare the results obtained between them.

In order to compare the level of tax burden with the national level, it is necessary to compare the amount of taxes paid (including personal income tax - PIT) with the added value:

$$\Delta OTH_N = \frac{\sum YO_{pt}T(NDFL)}{\sum GT}, (1)$$

Where: ΔOTH_N– national tax burden;

$\sum O_{pt}H$– the amount of tax paid.

When determining the tax burden of a specific enterprise, it is recommended to use various indicators (see: formula 1):

One of the most important is the previously developed and still attracting attention method of calculating the tax burden, recommended by the State Tax Committee of the Republic of Uzbekistan. This calculation method is defined as the ratio of the sum of all accrued taxes, including payments to extra-budgetary special funds, to the volume of sales of products. It is no coincidence that this method is still recognized as convenient and simple. But this calculation method is not without its shortcomings. This is manifested, firstly, in the inclusion of personal income tax when calculating the tax burden, and secondly, in the absence of real accounting of the structure of expenses on production of products and, above all, expenses related to material costs and depreciation charges. These expenses are used to calculate and compare the amounts of tax payments in budget revenues.

Such a method only contributes to the growth of the tax burden. Because when calculating tax payments are related not only to the newly created added value, but also to the material costs of production. Such costs are not related to the tax burden. Calculating the level of tax burden according to the specified method does not mean an equal degree of tension of tax obligations for taxpayers of various sectors of the economy.

In such a definition of the tax burden, the values of the tax burden can only be compared with similar enterprises that have a comparable revenue structure. Although, such a method remains in demand.

In conditions where a specific practice generates new types of products based on benefits or production costs, it will be difficult to determine the tax burden for taxpayers. Because each taxpayer may face such unforeseen costs and risks. The latter is also a cost carrier for one enterprise, and income for another. Such phenomena require a more balanced approach by tax service employees to the selection of objects for both audits and calculation of the tax burden level. The tax burden is calculated by comparing (or relating) the amount of taxes paid and the turnover (revenue) of enterprises. Therefore, we consider it necessary to calculate the tax burden specifically for each taxpayer. If the tax burden level differs greatly from the average with a minus

[5] Komarova I.Yu. Income tax benefits, problems and solutions . - // Finance. No. 11. 1998. - P. 24.

value, then a desk tax audit must be conducted for an enterprise in a particular sector of the economy in order to identify the cause of the negative deviation.

Taking into account the proposed rules for calculating the tax burden, it is recommended to introduce differentiated calculation of the tax burden into practice. At the same time, the maximum tax burden, taking into account the industry values of enterprises and the innovative products they produce, is set at no more than 60.0% for fuel and energy enterprises. The average tax burden for all types of economic activity of enterprises should not exceed 14.0%. Thus, we can more realistically approach the calculation of the tax burden at enterprises in economic sectors. Only after this will it be possible to eliminate significant fluctuations in the values of the tax burden. Depending on the instability of the elements of the tax system, they are constantly changing, revised, cancelled, reduced, etc.[6]

So, sales revenue should not be a universal indicator for calculating the tax burden.

Therefore, we believe that the use of a more transparent method for calculating the tax burden should serve to compare the tax and the source of its payment. Each type of tax, depending on its source of formation, in our opinion, should have its own criterion for assessing the tax burden, and the net profit of enterprises should be the basis for the calculation.

According to this method of determining the tax burden, one should proceed from the real market situation, when the subject does not pay taxes at all, and compare this situation with the real one. The corresponding calculations can show how many times the amount of taxes paid differs from the net profit. However, it would be fair to introduce such an approach to assessing the tax burden - indirect taxes should not be taken into account and not be considered as taxes affecting the size of the profit of enterprises. [7]Such a calculation, in our opinion, can be successful for calculating the tax burden.

The impact of indirect taxes on profits is underestimated here, although indirect taxes certainly affect the actual amount of profit. The level of tax burden also depends on how indirect taxes will affect profits. Therefore, it is necessary to pay attention to the level of assessment of the impact of indirect taxes on the tax burden of enterprises.

Within the framework of the specified circumstances, proposals for a quantitative method for determining the tax burden of enterprises are found in the economic literature [8], and thus, in accordance with it, specialists are asked to “assess the tax burden as a share of the added value created by a specific enterprise given to the budget” [9].

Added value, according to economists, is a source of income for an enterprise and, consequently, a source of tax payment. Therefore, it is advisable to compare each tax with the source of payment. [10]However, at present, there are no functionally reasoned methods for determining the tax burden, nor published recommendations in developing market countries for its assessment. In those developed by scientists or individual economists and several printed publications, only the possibility and necessity of their development on the basis of certain recommendations or considerations are mentioned.

[6] Komarova I.Yu. Income tax benefits, problems and solutions.// Finance . No. 11. 1998.- P. 24.
[7] Tishenko E.S., Kopyshina E.Ya., Radchenko Yu.I. Development of a tax planning mechanism as a tax optimization tool // Economy and entrepreneurship. - 2019. - No. 1 (III). - P. 1089-1094; Some aspects of increasing the efficiency of taxation mechanisms for legal entities // Scientific - analysis . journal "Science and Practice" of the Plekhanov Russian University of Economics . Vol. 12. No. 3 (39). 2020. - P. 97-106 .; Abdurazakov A. Mechanisms for strengthening the revenue base of local budgets // Handbook of a financial worker. No. 12 (86). 2019. - P. 42-47; Income tax benefits, problems and ways to solve them. // Finance. №11. 1998. - P. 24-26.
[8] Tishenko E.S., Kopyshina E.Ya., Radchenko Yu.I. Development of a tax planning mechanism as a tool for tax optimization // Economy and Entrepreneurship.- 2019.- No. 1 (III).- P. 1089-1094;
[9] See: Ibid., pp. 1089-1094.
[10] See: Ibid., pp. 1084-1094.

However, the so-called new approaches to calculating the tax burden must have a certain economic sense, and the initial data or indicators for its calculation, other calculations and the results obtained must meet modern requirements.

It follows that, in essence, the effectiveness of the tax burden calculation should contribute to a change in the financial situation over a specific period of time. And this can be presented in the form of four interconnected chain arguments in favor of calculating the tax burden:

Discussion. Determining the economic necessity of the tax burden → determining the initial indicators for determining the tax burden → introducing restrictions that make it impossible to calculate the tax burden in multiple ways → eliminating the possibility of a multifaceted interpretation of the tax burden.

This model of tax burden, in our opinion, is more acceptable for calculation.

A methodically meaningful approach to the calculation allows it to be averaged for enterprises, directly ensuring the comparability of the tax burden for enterprises with different forms of ownership, and allows one to obtain the share of the added value they contribute to the budget.

The application and, most importantly, the recommended calculation methodology allows comparing quantitative changes in the share of taxes in added value depending on the type of activity of enterprises and their profitability. It also becomes possible to calculate the impact of an increase (↑) or decrease (↓) in tax rates, including benefits established for enterprises.

Thus, fundamental changes in the methodology for calculating the tax burden, and, therefore, corresponding changes in the calculation itself, should ultimately lead to fundamentally new theoretical and practical conclusions, to enriching our understanding of the content of previously valid calculations of the tax burden, and to identifying previously unknown aspects of it. The movement toward fundamentally new effective calculations would be the resolution of real (and not apparent, conditioned only by deceptive visibility) and relatively easily resolved calculations of the tax burden.

Conclusion

The article highlights the importance of accurately assessing the tax burden as a critical indicator of financial security for enterprises. It underscores the lack of a standardized methodology for calculating the tax burden, especially for different sectors of the economy. The study emphasizes that the tax burden should be closely tied to the financial needs of the budget while also promoting enterprise activity. The article suggests the need for differentiated approaches in tax burden calculation based on industry specifics and economic factors, with proposals for a more transparent and precise method to optimize the tax burden. The findings advocate for improved methods that would ensure a balance between tax revenue generation and enterprise sustainability.

References:

1. Tishenko E.S., Kopyshina E.Ya., Radchenko Yu.I. Development of a tax planning mechanism as a tool for tax optimization // Economy and Entrepreneurship.- 2019.- No. 1 (III).- P. 1089-1094.
2. Tkacheva T.Yu. Tax incentives: theory and practice of assessing their effectiveness: monograph / T.Yu.Tkacheva , L.V.Afanasyeva , S.N.Belousova . - Kursk: South-West State University, 2019.- 119 p.
3. Kodirov B.K. Jahon inquiries sharoitida bevosita va bilvosita sanctions asosida Uzbekistan iktisodiyatinis rivozlantirish yўllari // Iktisodiet va molia 2020. No. 3. 63-71 b.
4. Chernik D.G. Theory and history of taxation: textbook for universities / D.G.Chernik , Yu.D.Shmelev ; edited by D.G.Chernik . - M.: Yurait , 2022.- 364 p.

5. Komarova I.Yu. Income tax benefits, problems and solutions . - // Finance. No. 11. 1998. - P. 24-26.
6. Abdurazakov A. Mechanisms for strengthening the revenue base of local budgets // Handbook of a financial worker. No. 12 (86). 2019. - P. 42-47
7. Abdurakhmanov O. Tax systems of countries with transition economies. Monograph . - M.: Knorus , 2016. - 375 p.