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THE TAX SYSTEM AS A STRUCTURAL LINK OF THE FINANCIAL SYSTEM

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ABSTRACT

Democratization and renewal of society in Uzbekistan, modernization and reform of the country's economy require a comprehensive reorganization of the activities of various sectors. Because the spheres form a holistic system of interdependence, gaining specific features. The article emphasizes that the ongoing reforms in Uzbekistan are aimed at establishing a socially oriented market economy and ensure economic stability, free conditions for the activities of citizens and economic entities based on democratic principles.

KEYWORDS: *Tax, Tax System, Market Economy, Commodity-Money Relations, Tax Policy, Income, Expenditure, Taxpayer, Government, Tax Reform.*

INTRODUCTION

The ongoing liberalization process in our country is also inherent in the tax system. "The tax system, as an integral part of the reform process, as its internal driving force, must meet the goals of economic reform as much as possible" [4]. Accordingly, it should be noted that tax reform is a continuous process, which is affected by quantitative and qualitative changes in the economy. Tax reform is based on certain theoretical views, which are inextricably linked to the scientific views on market relations.

It is now important to encourage the improvement of living conditions through the tax mechanism by ensuring employment, further increasing incomes, ensuring a steady increase in the value of property and assets. In this regard, the Action Strategy for the Development of the

Republic of Uzbekistan for 2017-2021 identifies "... continuation of the policy of reducing the tax burden and simplification of the tax system, improving tax administration and expanding appropriate incentives" [3].

In the context of liberalization and modernization of the economy in Uzbekistan, priority is given to studying the problems of increasing real incomes, steadily improving their living standards and quality, stimulating consumer demand through the tax system, improving real incomes.

MATERIAL AND METHOD

In the modern scientific and economic literature (P. Samuelson Economics, P. Haynes Ekonomicheskiy obraz myshleniya, McConnell K. Bruce. Economics; Principles, Problems and Politics. Fishers., R. Dornbush Schmalenzi. Economics M. Delo.) The market system is such an economic system. it is considered that a decision is made on the use of limited production resources, subject to price targets. If a certain product is created at the expense of limited resources, it is necessary to give up the production of another such product. In a market economy, demand and costs are the main criteria for this choice. This choice involves the degree of profit and loss [6].

In the process of functioning of the market mechanism on the basis of supply and demand, it is observed that the needs of consumers are related to producers, and through them, to intermediaries. The competitive environment that arises in this process, by its very nature, requires the satisfaction of the needs of the economic entity and requires the priority of the basic principles of the economy (Figure 1.1.1). These principles apply in an interconnected, systematic way.

Market economies are viewed differently in terms of humanity and development prospects, and they are reflected in a number of views aimed at supporting market relations.

The above-mentioned functional principles of the market system also apply to the financial system. According to him, the financial system is considered in a broad sense. Such a view is also found in some dissertations. In our opinion, such views are correct. In the past, finance was understood as a state-owned financial relationship, and this reflected the real situation in the totalitarian-planned system.

BASIC PRINCIPLES OF MARKET ECONOMY	
The principle of free choice of the preferred type of economic activity	According to this principle, each entity has a useful economic form in accordance with applicable law the preferred type for the activity itself free choice is guaranteed.
The principle of equality of subjects	Accordingly, it is based on the equality of subjects, regardless of the form of ownership. In this process, legal norms, economic opportunities, restrictions, taxes, benefits, fines are required to be compatible.
The principle of freedom of management	Within the framework of market relations, conditions are created for business entities to be free from various instructions of the state, and at the same time to operate freely based only on their own capabilities.
The principle of competitiveness of relations	According to this principle, the prices of goods and services are determined on a competitive basis.

Figure 1.1.1. Basic principles of market economy

Finance is evaluated in terms of the market system in the current view, and this is certainly true because finance has always been a link in the economy. The current economy is a two-sector structure, consisting of the real and monetary sectors, the real sector is tangible and intangible production, where goods and services are created, which are consumed through market exchange and re-produced, for which resources are taken from the market. used. This process is constantly reversed, resulting in a macroeconomic cycle.

The movement of goods and services created in the real sector from production to consumption takes place through commodity-money relations, which is why the money sector is needed.

Enterprises, farms, households and various non-governmental organizations, which are micro-level entities, receive the monetary equivalent of goods and services, satisfy their needs by purchasing resources and consumer goods.

In manufacturing firms, turnover is in the form of money→resources→goods→and money. This movement takes the form of resource → money → commodity in households. In NGOs, this movement is limited to cash and commodity flows.

When the turnover goes beyond the national sphere, there is an international, ie mega-turnover, which also consists of material and monetary movements. At any level, real turnover is primary, because through them are created branded services that have value. In contrast to their movement, the movement of cash flows arises because money serves to convert them.

Cash flows also occur between different entities, which include firms, households, government and non-government organizations. While cash flow refers to the movement of goods and services, they mean that market value is measured. When this value is distributed, income and expenses are generated, which create finance as a value category. They go in the opposite direction, i.e. the income of one entity creates an expense for the other entity at the same time.

In this sense, if taxes are revenue for the state, they will be an expense for other entities. Income and expenditure can be said to be integral categories of finance, as they are specific to all sectors of the economy and are part of the financial system.

This system is multi-tiered, it cannot be limited to pure financial relations, as it includes financial institutions and financial policy. A number of authors advocate finance in the broadest sense and incorporate it into the system [7].

Based on this, it is appropriate to look at the tax system in a broad sense. There are views on the classification of finance according to the level of production [8]. Accordingly, micro-macro-mega finance is allocated.

The macrofinance system forms two large blocks. The first is the fiscal system, the second is the budget system. These are structurally state structures, one of which represents government revenue and the other means that it is spent through the budget.

As the fiscal system is part of finance, it is appropriate to consider it as a sub-system. This system is also multi-element, each of which has its own function. But they cannot be outside the system and form integrity by requiring each other.

At the heart of the tax system is a tax relationship. The difference between these and other economic relationships is that most entities enter into a relationship with a single entity. While the majority are individuals and legal entities that pay taxes, the sole taxpayer is the state.

However, when the state spends taxes as income, it is in the public interest. The state, by means of its own mechanisms, relies on institutions that have the force of legal coercion against its own population, represented by the term "society" in a particular area, and it has the upper hand in the legislature[1].

The state can coerce subordinates based on tax legislation. At the same time, the state provides the population with social benefits that are difficult for members of society to obtain through the market and have special characteristics.

The social protection function of the state is focused on maintaining security and social order. The state must prevent possible harm to each other and ensure that citizens live in peace, ensure strict compliance with applicable laws, and monitor compliance with the rules of society.

A number of problems arise when the state does not effectively perform its function. In particular, there are cases when the market mechanism can not be used to determine the actual costs of production of goods (services, works), inefficient use of resources, environmental pollution in cases where property rights are not clearly defined or protected. The elimination of the negative consequences of these cases will be mainly at the expense of the state.

Another important task of the state is to create conditions for the development of reproduction. At this point, this functionality requires funding and this is covered by taxes. The state does not replace the market mechanism, but takes measures to ensure its functioning when this mechanism becomes incompetent. The state undertakes to develop solutions to socio-economic problems that this mechanism cannot solve (sometimes through ineffective solutions). Given the need for state regulation of society, it should be noted that there are normative limits to its intervention in the economic process. Within this boundary, it primarily affects market participants through taxes.

In this ranking, the tax is the main means of influence in the hands of the state, which determines the nature and role of taxes in the current market economy. It should also be noted that there are currently a number of terms and definitions to describe the tax elements (Figure 1.1.2).

Tax elements
Tax subject - taxpayers (legal entities and individuals) involved in tax relations, as well as tax collectors (tax authorities), as well as entities that assist in their collection (banks, commercial courts, etc.);
The object of taxation is a property, action, result of action or other situation of value, quantitative or physical nature, in the presence of which the tax legislation creates a tax liability on the taxpayer;
Tax base - represents the value, physical or other property of the object of taxation;
Tax rate - the amount of tax calculated as a percentage or absolute amount of tax calculated per unit of measurement of the tax base of the tax rate;
Tax benefits - certain categories of taxpayers have advantages over other taxpayers under tax legislation, including the ability to avoid paying taxes or pay them in smaller amounts;
The source of taxation is the income from which the tax is paid, or in some cases property;
Tax payments - the amount established by law and expressed in money transferred to the budget;
Tax burden is the amount of all taxes and fees paid by taxpayers.

Figure 1.1.2. Tax elements

Taxes emerge as a means of collecting the necessary part of the national product created in the country, which is required for the state to perform its functions.

Taxes, being a financial instrument of state regulation of the economy, also determine that the state is a subject of a market economy.

When describing the modern tax system, it is first necessary to assess the essence of taxes, because on their basis emerge financial relations. Taxes are also the main financial category that reflects the commodity-money relationship.

In the current literature, taxes are traditionally interpreted as mandatory, non-equivalent payments levied on individuals and legal entities to the state budget and extra-budgetary funds in accordance with applicable regulations [10].

It should be noted that the large number of different payments, which are the sources of revenue generation of the state budget, creates certain problems in the interpretation of taxes. In particular, there is a need to select clear bases in the study and classification of tax types. At this point, we found it necessary to dwell on the special economic features of taxes, that is, the difference between them and other payments.

Taxes, unlike other payments, mean the alienation of taxpayer property in favor of the state. Taxation is based on a legal basis. Government agencies set rules and norms for taxation, and taxes are collected compulsorily. Taxes vary, they generate non-refundable payments, they become financial resources at the disposal of the state.

Taxes are payments set by the state, which is a subject of transparent law, in which the interests of the state and society are reflected. Therefore, the right to impose taxes is determined by law. The Constitution of the Republic of Uzbekistan states that the introduction of taxes and mandatory payments is the competence of the Oliy Majlis, the highest state body exercising legislative power [1].

The interpretations of the essence of taxes by economists of our country in recent years are also noteworthy. In particular, it should be noted that the interpretation of taxes as a monetary relationship representing a mandatory payment has somewhat expressed their current nature [9].

Obligation in taxes means the responsibility of the lower economic entities to society in the form of the state. This is primarily a social obligation that stems from the social orientation of the market economy.

This direction means that economic prosperity is ensured through the market through fiscal policy. The source of funding for this is the taxes levied.

Taxes differ from other payments by their non-equivalence. In our view, inequality cannot be understood as absolute inequality because there are two aspects to it. First, there is really no equivalence between the money a taxpayer gives and the social benefits he receives from the state. Equivalence occurs when goods and services are paid for according to their market value. Social benefits convertible into taxes have no market value, as the state provides them free of charge to individuals and legal entities, as well as to the general population. Since these services are social, everyone consumes them. Therefore, everyone benefits from the services of law enforcement and security agencies, education, health, beautification and normalization, ensuring a normal life.

Since these services are common consumption, it is impossible for each group to use them and the other not to use them. The presence of non-equivalent payment of taxes is relative to some taxpayers. At the community level, there is a certain equivalence, i.e. equality, between taxes and the cost of social services.

The amount of taxes should, as a rule, be sufficient to cover the cost of social benefits. Social benefits are not created for commercial purposes and for profit. In this way, they differ from the goods that are bought individually from the market and consumed. It is therefore sufficient to cover the cost of social benefits. This task is performed by taxes. However, taxes are not the only source of funding for these services, as revenues other than taxes are also involved in their creation. In conclusion, they can be interpreted by making a number of additions to the principle of tax inequality. In the scientific literature, the tax system is interpreted differently, in the narrow sense, "the sum of taxes and other payments collected in the prescribed manner constitute the tax system" [10].

Results

Based on the results of the study, it should be noted that the tax system is a set of principles and taxes, as well as the forms and methods of their collection, modification, abolition, collection and control.

However, the study of views on the tax system shows that in the future there will be a broader interpretation of this system and it will be considered in terms of tax practice. Such an approach also has its bases.

Recognizing this, it was agreed to evaluate the tax system in terms of the concept of economic systems. Based on this concept, the tax system should be viewed as a complex that embodies structurally complex elements

This complex includes the tax system "taxes - tax objects - tax subjects - tax mechanism, in addition, tax institutions - tax legislation - tax policy"(Figure1.1.3).

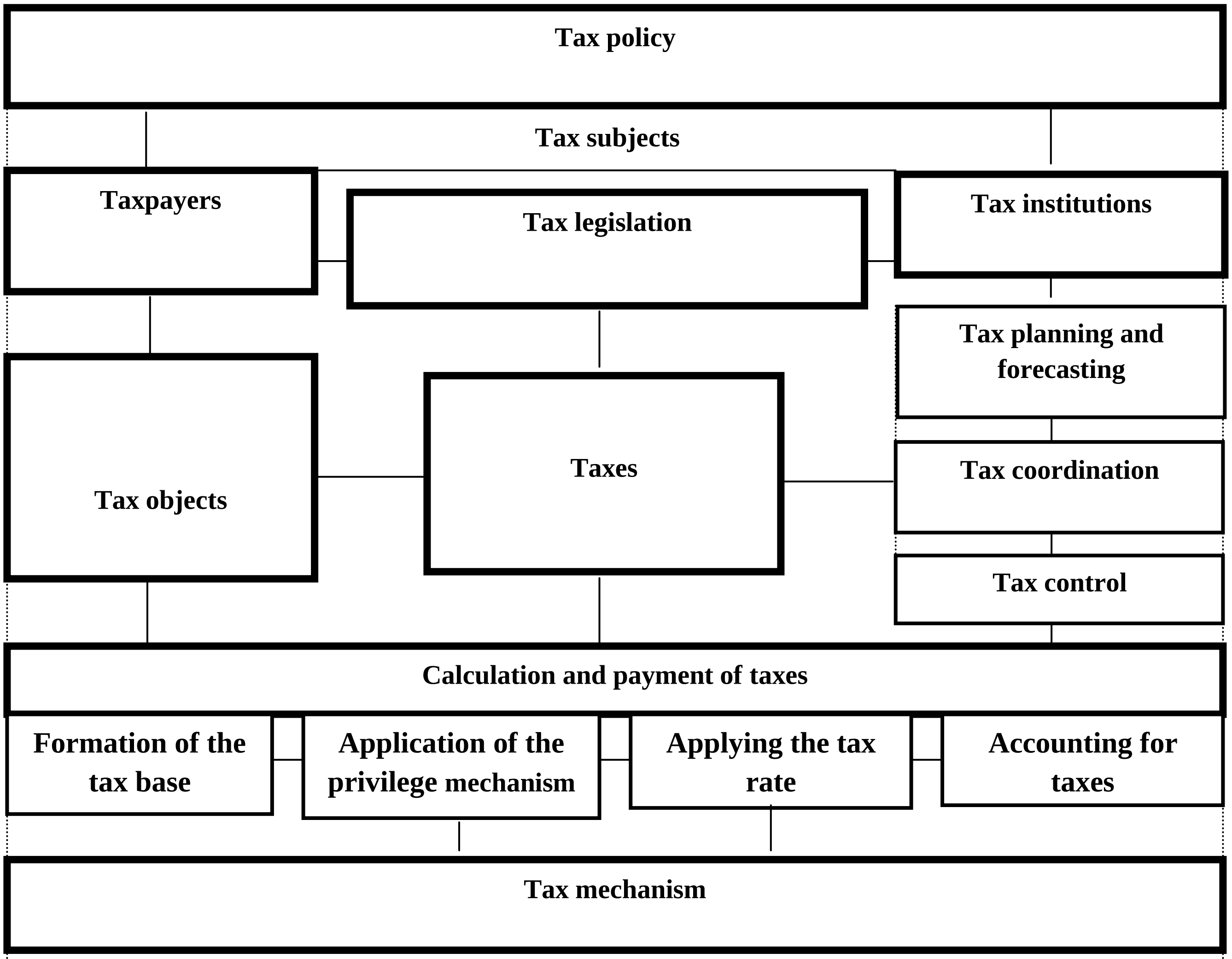

Figure 1.1.3. The structural structure of the functional tax system

From the author's point of view, taxes themselves do not form a system, because the system must have a set of relationships in which different elements interact. The tax system includes not only tax relations, but also tax infrastructure and tax policy. The main element in the tax system is taxes.

A leading element of the tax system is the tax mechanism. This mechanism consists of tax rates, tax benefits, tax penalties, the establishment and collection of taxes, and, if necessary, their modification and regulation. The tax mechanism includes administrative instruments in addition to economic instruments.

In the tax system, tax institutions perform the function of infrastructure, the activities of which are determined by law.

Tax legislation serves to regulate the tax system, ensures the integrity of the tax system, its state control. Legislation is the legal basis for the implementation of tax principles.

Tax policy manifests itself as a system-forming element, but tax policy, unlike other types of economic policy, is only public policy, in which economic coercion is accompanied by administrative coercion.

Each of the above-mentioned elements performs a specific function, they interact with each other as required, and one creates the conditions for the other to act. They form the basis of the tax system as a whole and serve the implementation of its functions.

There is a traditional succession in tax principles and views in tax theory[2]. In particular, in Amir Temur's "Temur's Statutes" principles such as humanity - a special approach - convenience - low cost - fairness were applied to taxes. While Amir Temur interpreted tax principles in terms of fiscal efficiency, tax principles were studied by A. Smith not only in terms of fiscal but also economic impact [11]. His theory states that the tax system should be based on such principles as: generality - stability - equal distribution - obligation - social justice - clarity - neutrality.

A number of other scholars have also expressed certain views on the principles of taxation. In particular, the Russian economist N. Turgenev recognized such specific principles as equal distribution of taxes - accuracy of taxes - convenience of timing of tax collection - low cost of tax collection - the existence of a general rule in tax collection [12].

In modern tax theory, tax principles are considered much more broadly. The functionality of these principles serves the economic and social efficiency of the tax system. The newly formed tax principles in Uzbekistan have a legal basis and are reflected in the figure (Figure 1.1.4).

At the current stage of the market economy, the methods of tax collection are used, such as cadastral, declaration, source of income, administrative.Another important aspect of the modern tax system is taxation based on the natural and value base of the tax. For example, taxation on a natural basis is used in a number of countries to collect household taxes, personal taxes, special duties. Taxation on the basis of value is applied to the bases of gross and net income. An important aspect that had a significant impact on the nature and role of taxes was the wider spread of taxation as the wealth of the taxpayer increased.

This approach requires that the total amount of taxes levied on taxpayers not, firstly, exceed the income of taxpayers, and secondly, that they constitute a certain normative part of their income.

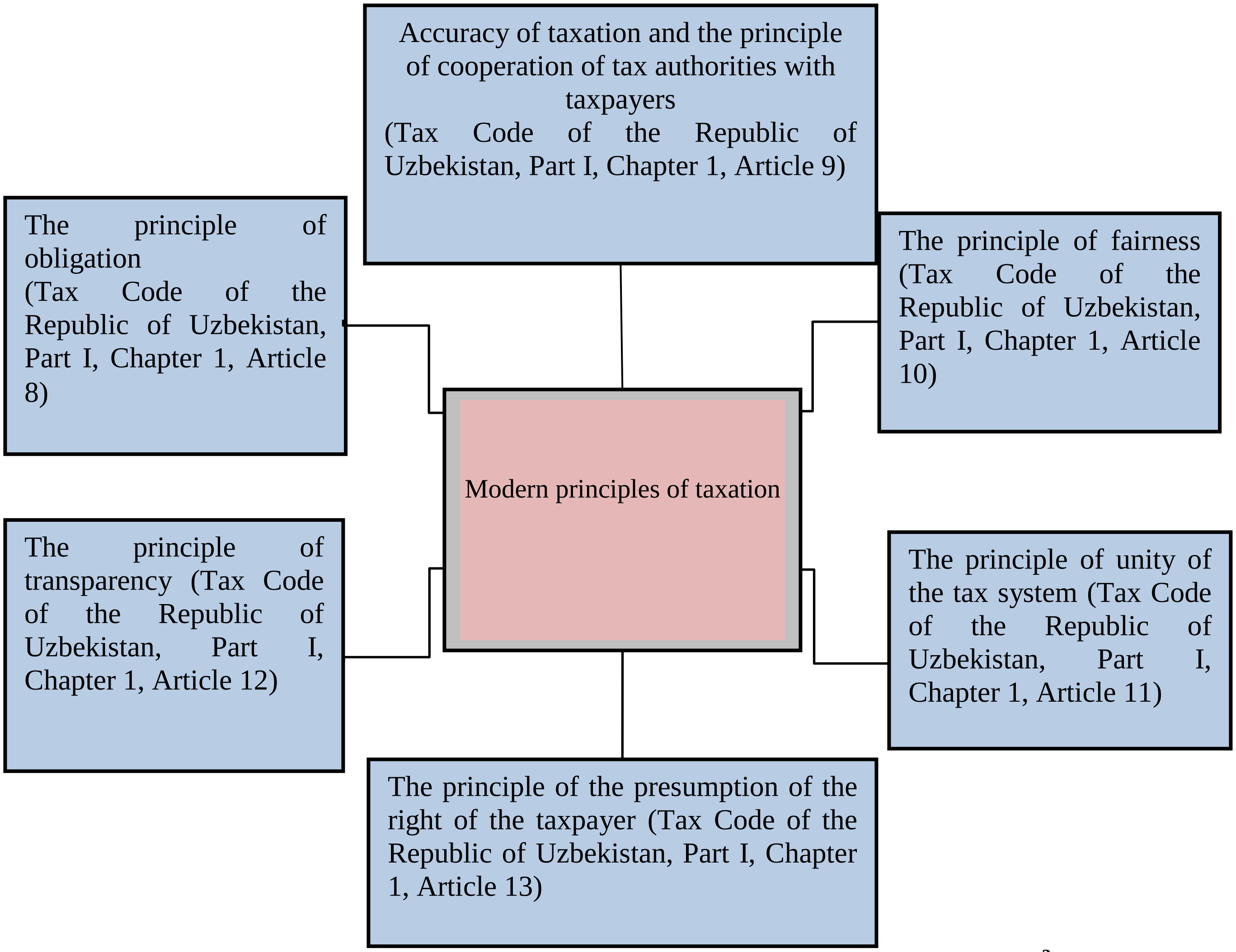

Figure 1.1.4. Principles of taxation provided by the legislation of Uzbekistan[3] [2]

CONCLUSION

From the above, it can be concluded that the tax system consists not only of tax relations, but also of tax legislation, tax policy and tax institutions. In this system, the basic principles of taxation are followed. It is necessary to look at the tax system as an integral part of economic development, as it adapts to it in the context of economic transformation. The efficiency of the tax system and the quality of service provided to taxpayers by the staff, of course, the selection and placement of personnel, the implementation of systematic work to fill the tax authorities with highly qualified staff, as well as crime prevention among them and their service. requires the creation of conditions. In order to strengthen financial and budgetary discipline and ensure balanced execution of the budget of the Republic of Uzbekistan, it is necessary to ensure the full collection of taxes and other mandatory payments, maximum legalization of employed citizens and increase the salary fund. One of the urgent measures of the state is to expand the tax base, identify additional sources of revenue to the budget, develop, ensure and monitor the implementation of "Road Maps" by districts and cities to ensure its balance, taking into account the strict responsibility of individuals.

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