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IMPROVEMENT OF PERSONAL INCOME TAX IS AN IMPORTANT FACTOR OF TAX REVENUE INCREASE

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Abstract: This article is devoted to finding solutions to the problems of increasing revenues to the state budget by improving the personal income tax, which serves the implementation of a strong social policy.

Key words: taxes, revenues, social state, budget, income, rate, sum (currency).

INTRODUCTION

The new Constitution of the Republic of Uzbekistan, which entered into force on May 1, 2023, recognizes our country as a social state. This recognition is confirmed by the example of the economic policy implemented by the President of our country Sh.M. Mirziyoyev. For example, in order to reduce the consequences of the pandemic and the negative impact of the "Force Majeure" situations that occurred in the economy of our country, strong and impartial material and moral support was continuously provided to our people, and the whole world recognized this.

However, it should be recognized here that the above-mentioned social measures are of a temporary nature and were implemented at the expense of budget funds, which caused a sharp increase in the budget deficit.

At the same time, it is important to simultaneously implement a strong social policy and improve the type of tax, i.e. personal income tax, which allows to regularly increase revenues to the state budget. It is known that personal income tax gives the budget a healthy part of all tax revenues, i.e. more than 10 percent.

APPROACH

In the new version of the Tax Code adopted on the basis of the New Tax Concept and currently in force, the personal income tax rate is set at 12 percent, regardless of the financial status of the payers. For example, a janitor with an average monthly income of 1.2 million soums and an oligarch with 500 million or 1 billion soums are charged the same income tax, i.e. 12%. Of course, in this case, we can see the convenience and ease of organizational work for tax service employees on calculating income and directing it to the budget. However, a strong social policy should provide solutions that are acceptable to citizens, not taxpayers. For example, if a 12% tax is levied on a cleaner earning 1.2 million soums per month, his net income will be 1.06 million soums. Can this income be enough to support a family? - is a natural question. Of course not. But if an individual with a monthly income of 500 million soums is charged a tax of 60 million soums per month, his net income will be 440 million soums, and he will have the opportunity to support not one, but several families without any difficulty.

Therefore, in order to restore social justice in the Republic of Uzbekistan, which is a welfare state, we believe that it is necessary to use a 5-step rate system for the implementation of a strong social policy, based on the financial situation of taxpayers, that is, the use of graduated income tax rates that ensure that the rich pay more and the poor pay less (Table 1).

1- table

Graduated personal income tax rates [1]

Step	**Tax base,** *relative to the base calculation amount, times*	**Amount of income,** *thousand soums*	**Tax rate,** *%*	**Amount of tax revenue,** *thousand soums*
1	1-5	340-1700	0	0
2	5-10	1701-3400	7	119,070-238,140
3	10-15	3401-5100	12	380,800-571,200
4	15-20	5101-6800	16	591,600 -788,800
5	above 20	6801-	22	829,600

As can be seen from the data in Table 1 above, as the amount of income increases, tax rates and, accordingly, the amount of tax revenues also increase.

Firstly, if we pay attention to the data of the table, at present they pay 144 thousand soums tax at 12% rate from the calculated income of 1.2 million soums, and to feed the family:

1200000-144000 = 1060000 soums remain. This is certainly not enough to support a family for 1 month.

If a 5-point scale is used, the above individual will not pay income tax. For this reason, 144,000 soums, which should actually be paid to the state budget, will not be received.

Secondly, if the current income of the second group of taxpayers is estimated to be 1,700,001-3,400 thousand soums, they will currently pay income tax of 1,700,001x12%=204,000 soums.

If they switched to a 5-point scale, they would have paid 1700000x7%=119000 soums of income tax. From this we can understand that 204,000-119,000=85,000 soums less money will come to the state budget.

Thirdly, the third group remains unchanged, as the rate in both cases is 12 percent. That is, in both cases, 3400001x12%=40800 soums will be charged to the state budget.

Fourthly, and the fourth group of taxpayers, if their income is estimated to be between 5100-6800 thousand soums, they currently pay income tax in the amount of 5100001x12%=612120 soums.

If they switched to a 5-point scale, they would have paid 5100001x16%=816000 soums of income tax. That is, he will pay 816000-612120=203880 soums more than now.

Fifthly, and taxpayers of the fifth group, if the amount of their income is estimated to be higher than 6801 thousand soums, they will pay income tax in the amount of 6800001x12%=816120 soums.

If they switched to a 5-point scale, they would have paid 6800001x22%=1496000 soums of income tax. That is, they will pay 1496000-816120=679880 soums more than now.

Thus, if those who earn more than 6,800,000 soums go to a 5-point scale, all of them are:

(1496000+816000+408000+1190000)-(144000+85000)=2610000 soums they pay tax.

An individual earning 500 million soums per month now pays 60 million soums of income tax at a rate of 12 percent.

If that individual switches to the application of 5-point tax rates, this person alone will pay an additional (500,000,000-6800000)x22%=95040000-60000000=35000000+2610000= to the state budget.

37610000 soums will be received. With this much income, he can support a family without any difficulties.

It can be seen that only in the city of Tashkent, the number of people earning 500 million and more is about 0.5%, and the number of people paying such income tax is 15,000. In such a

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situation, 37,610,000x15,000=564,150,000,000 soums per month, and 6,769,800,000,000 soums in a year, could go to the state budget.

Based on the above analytical considerations and opinions, we can conclude that if the income tax for individuals is transferred from the current single-level, i.e. 12 percent tax rate system to a multi-level system, the population will be more affected by the rich stratum of the population with greater financial opportunities, and vice versa, those with less financial opportunities. it is possible to collect less taxes from the poor. This will create an opportunity for Uzbekistan to once again prove its welfare state in the world community, and it will be possible to bring more than 6 trillion 770 billion soums of tax revenue to the budget of our country from the city of Tashkent alone.

Thus, in the example of income tax, the welfare state of Uzbekistan is confirmed, and in addition, budget revenues will increase.

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