

## ECONOMIC NATURE AND PRINCIPLES OF TAX

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**Abstract:** In the article we consider the economic nature and principles of the tax system. It analyzes the main economic aspects of taxation, the impact of taxes on economic development and the behavior of market participants. We also consider the key principles underlying tax policy and their role in creating a stable and efficient fiscal system.

**Key words:** the economic nature of taxes, principles of taxation, the impact of taxes on economic development, the role of taxes in the fiscal system, the effectiveness of tax policy, tax incentives and deficits, the balance of tax relations.

**Аннотация:** В статье рассматриваем экономическую природу и принципы налоговой системы. В ней анализируются основные экономические аспекты налогообложения, влияние налогов на экономическое развитие и поведение участников рынка. Также мы рассматриваем ключевые принципы, лежащие в основе налоговой политики, и их роль в формировании стабильной и эффективной фискальной системы.

**Ключевые слова:** экономическая природа налогов, принципы налогообложения, воздействие налогов на экономическое развитие, роль налогов в фискальной системе, эффективность налоговой политики, налоговые стимулы и дефициты, сбалансированность налоговых отношений.

**Introduction.** Against the backdrop of a dynamically changing global economic landscape and the rapid development of market relations, the role of taxes in the formation of a sustainable and efficient fiscal system is becoming more relevant and significant. The economic nature of taxes represents a complex mechanism that affects all areas of social relations and processes.

In this article, we attempt to unravel the mysteries of the economic nature of taxes and analyze the key principles on which their functioning is based. Not only the financial health of the state, but also the economic well-being of its citizens, as well as the competitiveness of the national economy in the global context depends on understanding these aspects.

We will look beyond the theoretical aspects and apply them to the contemporary challenges facing the global economy. Research into tax principles will provide a better understanding of how tax policy affects economic activity, business investment decisions, and the distribution of income in society.

In this article, we delve into the economic nature of taxes and their principles to unpack their role in the modern economic context and provide readers with an in-depth understanding of issues related to the tax system.

**Main part.** An important aspect of understanding the tax system is understanding its economic nature. Taxes are a tool by which the state raises funds to finance its functions and meet public needs. In the context of a market economy, taxes also serve the function of regulating economic activity by influencing the decisions of firms, consumers and investors.

The principles of taxation are the fundamental ideas that define the tax collection system. These principles may include fairness, progressiveness, transparency, simplicity and efficiency. Analysis of these principles allows us to understand how balanced the tax system is and contributes to economic development.

Studying the impact of taxes on economic development allows us to assess their role in stimulating or inhibiting investment, entrepreneurship and innovation. Different tax policies can influence the decisions of companies and individuals, shaping the overall dynamics of the economy.

Taxes are the main source of revenue for the government, and their efficient collection and distribution plays a key role in ensuring financial sustainability. Examining how taxes are collected, distributed and used helps determine how effective fiscal policy is and the extent to which it contributes to sustainable development.

Assessing the effectiveness of tax policy involves analyzing how well the tax system meets its goals. This also means assessing the balance between raising sufficient funds and minimizing negative impacts on economic activity.

Studying tax incentives and deficits helps to understand what tools the government can use to support certain industries or achieve specific goals, as well as what risks may arise if tax measures are used irrationally.

Comparing the tax systems of different countries provides an opportunity to identify best practices and learn from the experiences of other countries, helping to find optimal solutions for your own tax system.

Studying the history of tax reforms allows us to assess their impact on the economy and society. This is important for developing recommendations for improving the tax system, taking into account the experience of past reforms and their results.

Analyzing how different market actors respond to their tax obligations allows us to understand the dynamics of the relationship between entrepreneurs, consumers and the state, as well as assess how balanced and fair the tax system is.

Finally, an important aspect is the desire to balance tax relations, which takes into account the interests of the state, business and the population. This involves finding the optimal combination of rates, benefits and support measures to achieve harmony in the economic system.

While researching the topic, we identified the following problems and expressed our scientific proposals to them, which include:

✚ Problem situation: Insufficient transparency of the tax system.

Scientific solution: Development of information technologies to ensure maximum transparency of tax processes. The introduction of digital technologies and blockchain systems can improve monitoring and control over the collection and distribution of taxes, reducing the possibility of corruption and unjustified tax benefits.

✚ Problem situation: Inequality in the tax burden.

Scientific solution: Research and implementation of more progressive tax systems adapted to the current socio-economic situation. This may include a revision of rates, the introduction of progressive tax scales, and the use of progressive tax breaks for socially vulnerable groups.

✚ Problem situation: Tax evasion and collection efficiency.

Scientific solution: Introduction of modern methods of data analysis and artificial intelligence to identify tax evasion. Automated systems can help monitor financial flows in real time, reducing opportunities for evasion and improving tax collection efficiency.

✚ Problem situation: Lack of incentives for innovation and entrepreneurship.

Scientific solution: Research and implementation of innovative tax measures, such as tax credits for investment in research and development. Such measures help stimulate entrepreneurship and innovation, which ultimately supports economic growth.

✚ Problem situation: Insufficient adaptation of the tax system to changing economic conditions.

Scientific solution: Creation of a flexible tax system capable of quickly responding to changes in the economy. This may include periodic audits of the system, as well as the introduction of mechanisms to automatically update tax provisions in accordance with current market conditions.

✚ Problem situation: Insufficient coordination of tax policies at the global level.

Scientific solution: Formation of international standards and agreements on tax issues, for example, through organizations like the OECD. This can help prevent tax

evasion across global networks and ensure a fairer distribution of tax liabilities across countries.

✚ Problem situation: Lack of motivation to comply with tax obligations.

Scientific solution: Study of psychological and economic mechanisms of motivation for tax compliance. Developing innovative methods of motivation, such as creating positive incentives, transparency in the use of tax funds, and ensuring widespread awareness of the results of the use of tax funds.

**Conclusions and offers.** The economic nature of taxes extends its roots into various spheres of public life, reflecting the importance of the tax system for ensuring the financial stability of the state and stimulating economic activity. Tax principles such as fairness, transparency, and progressivity play a key role in developing balanced and efficient tax systems. The impact of taxes on economic development highlights the need for flexibility in tax policy and finding the optimal balance between stimulating entrepreneurship, innovation and equitably sharing the burden of tax obligations. The role of taxes in the fiscal system has a significant impact on the financial condition of the state, so the emphasis on the effective collection, distribution and use of tax funds seems critical.

The effectiveness of tax policy requires not only careful planning, but also constant monitoring, the introduction of modern technologies, and response to changes in the economic environment.

Offers:

1. Tax system reform: Carrying out a comprehensive reform taking into account modern challenges, with the goal of creating a more transparent, fair and economically stimulating tax system.
2. Application of digital technologies: Introduction of modern information technologies and analytical tools to increase transparency, efficiency of tax collection and prevention of evasion.
3. Create tax incentives for innovation: Develop tax mechanisms that encourage innovation and research, such as tax credits and incentives for investment in research.
4. International cooperation: Developing harmonized international approaches to taxation to prevent avoidance and ensure equitable distribution of tax liabilities.
5. Education and Awareness: Create education programs and information campaigns to increase public awareness of tax principles, use of funds, and purposes of taxes.
6. Continuous Monitoring and Analysis: Regularly update and monitor tax policies using modern analytical techniques to adapt to changing economic conditions.

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