

## PERSONAL INCOME TAX AND ITS SIGNIFICANCE TODAY

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**Abstract:** This article examines the importance of personal income tax (PIT) in the modern economic environment. Personal income tax is one of the main sources of state budget revenue and plays a key role in ensuring the financial stability of the state, social justice and stimulating economic activity. The article also discusses the importance of personal income tax for attracting and retaining talent, ensuring budget balance and ensuring the reliability of the state's financial obligations.

**Key words:** personal income tax, PIT, financial stability, social justice, economic activity, attracting talent, budget, government revenues.

**Аннотация:** В статье рассматриваем значение налога на доходы физических лиц (НДФЛ) в современной экономической среде. НДФЛ является одним из основных источников доходов государственного бюджета и играет ключевую роль в обеспечении финансовой устойчивости государства, социальной справедливости и стимулировании экономической активности. В статье также обсуждаем важность НДФЛ для привлечения и удержания талантов, обеспечения сбалансированности бюджета и обеспечения надежности финансовых обязательств государства.

**Ключевые слова:** налог на доходы физических лиц, НДФЛ, финансовая устойчивость, социальная справедливость, экономическая активность, привлечение талантов, бюджет, государственные доходы.

**Introduction.** In modern economic reality, personal income tax (PIT) plays a vital role both in the financial system of the state and in public life. This tax is one of the main sources of state budget revenue, ensuring the stability of financial flows and the financial sustainability of the state. In the context of constant changes and challenges faced by the modern economy, including the rapid pace of technological development, globalization and changes in the structure of the labor market, the importance of personal income tax is only increasing.

The purpose of this article is to analyze the significance of personal income tax in today's economic environment. We will consider the role of personal income tax in ensuring the financial stability of the state, maintaining social justice and stimulating

economic activity. Important aspects such as attracting and retaining talent, balancing the budget and the reliability of the government's financial commitments will also be addressed.

Through analysis and discussion of these issues, we strive to better understand the role and significance of personal income tax in the modern economy and discuss possible directions for the development of this tax system to achieve optimal results in the context of modern challenges and requirements.

**Main part.** Personal income tax is one of the main sources of state budget revenue, ensuring stable financial flows. These funds are used to finance key public programs such as health, education, social protection and infrastructure projects. Thanks to personal income tax, the state can function effectively and ensure its obligations to citizens.

Progressive taxation, in which the tax rate increases with income, helps reduce income inequality and ensure a fairer distribution of the tax burden. This helps mitigate social differences and promotes social stability.

The effective functioning of the personal income tax system can stimulate economic activity by reducing tax rates for certain categories of taxpayers, introducing benefits and incentives for investment and entrepreneurship. This contributes to the development of entrepreneurial activity, the creation of new jobs and an increase in the overall level of economic development.

The level of personal income tax can be an important factor in individuals' decisions about where to live and work. Countries that offer attractive tax conditions can attract and retain highly qualified specialists, which contributes to innovative development and economic growth.

Personal income tax provides a stable and reliable source of revenue for the state budget, which allows governments to plan and implement their budgetary obligations in the long term. This is important to ensure financial stability and protect the economy from external shocks.

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

✚ Problem: Ineffective tax progressivity.

Scientific solution: Research and development of new methods for estimating income and developing progressive tax scales that take into account different sources of income, such as investments and capital payments, will help make the tax system more fair and efficient.

✚ Problem: Tax evasion and evasion.

Scientific solution: Implementation of blockchain technologies and big data analysis to automate the process of collecting and analyzing income data and

accounting for tax obligations. This will help reduce opportunities for tax evasion and ensure more accurate and efficient taxation.

✚ Problem: Ineffective use of tax benefits and deductions.

Scientific solution: Research aimed at assessing the effectiveness of tax credits and deductions, and reform of the tax system to simplify and improve access to benefits for those in need. It is also important to monitor and evaluate the results of using tax incentives.

✚ Problem: Negative impact of taxes on economic growth.

Scientific solution: Research in the field of tax policy and economic theory to determine optimal levels of tax burden that will not deter investment and entrepreneurship. This may include assessing the effect of taxes on economic growth and developing recommendations to reduce the negative impact of taxes on the economy.

✚ Problem: Inequality in taxation of different types of income.

Research solution: Research and development of taxation mechanisms that take into account different sources of income (for example, capital income and labor income) and ensure a fairer distribution of tax obligations among different groups of taxpayers.

**Conclusions and offers.** Personal income tax (PIT) is the most important instrument for financing government needs, ensuring stable budget revenues and the financial stability of the state. However, today we are faced with a number of problems that require attention and scientific solutions to solve them.

Offers:

1. Improving the tax system: Conducting scientific research to develop a fairer and more efficient tax system for individuals that takes into account various sources of income, tax progressivity and other factors.

2. Application of technology: Use of modern technologies such as blockchain and big data analytics to automate the processes of collecting and analyzing income data and accounting for tax liabilities to reduce opportunities for tax evasion.

3. Assessing the effectiveness of tax credits and deductions: Conducting research to evaluate the effectiveness of tax credits and deductions and reforming them to simplify and improve access to benefits for those in need.

4. Stimulating economic activity: Developing tax policies that stimulate entrepreneurial activity and investment, and attract and retain talent in the country.

5. A balanced approach to taxation of various types of income: Establishing fair taxation of various sources of income to ensure equal participation of all categories of taxpayers in the overall tax burden.

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