

*Bobomurodova Manzura Panjiyevna**Independent researcher, Tashkent State University of Economics***THE ECONOMIC ESSENCE AND FUNCTIONS OF PERSONAL INCOME TAXES**

Annotation: This article explores personal income taxes as a key source of state revenue, analyzing their economic essence and historical evolution. It highlights the role of these taxes in income redistribution, stimulating economic activity, and funding state programs. The article also examines Uzbekistan's personal income tax system, focusing on its development during the transition to a market economy from 1992 to 2007. Key conclusions emphasize the significance of fairness, efficiency, transparency, and adaptability in tax policy. The research identifies personal income taxes as a tool for ensuring financial stability, reducing budget deficits, providing public services, and promoting socioeconomic goals.

Key words: income tax, state revenue, fairness, efficiency, redistribution, economic growth, Uzbekistan, reforms.

Аннотация: Статья посвящена исследованию подоходного налога как основного источника государственных доходов, анализируя его экономическую сущность и историческую эволюцию. Рассматривается роль данного налога в перераспределении доходов, стимулировании экономической активности и финансировании государственных программ. Также изучается система подоходного налогообложения в Узбекистане в период перехода к рыночной экономике с 1992 по 2007 годы. Основные выводы подчеркивают важность справедливости, эффективности, прозрачности и адаптивности налоговой политики. Налог на доходы физических лиц рассматривается как инструмент обеспечения финансовой стабильности, сокращения бюджетного дефицита, предоставления государственных услуг и достижения социально-экономических целей.

Ключевые слова: подоходный налог, государственные доходы, справедливость, эффективность, перераспределение, экономический рост, Узбекистан, реформы.

Аннотация: Ушбу мақолада жисмоний шахслар даромадларига солинадиган солиқлар давлат даромадларининг асосий манбаи сифатида тадқиқ этилиб, унинг иқтисодий моҳияти ва тарихий ривожланиши таҳлил қилинган. Солиқнинг даромадларни қайта тақсимлашдаги, иқтисодий фаолликни рағбатлантиришдаги ҳамда давлат дастурларини молиялаштиришдаги роли ёритиб берилган. Шунингдек, Ўзбекистоннинг 1992–2007 йилларда бозор иқтисодиётига ўтиш давридаги жисмоний шахслар даромадларига солиқ солиш тизими ўрганилган. Хулосаларда адолат, самарадорлик, ошқоралик ва мослашувчанлик каби принципларнинг аҳамияти таъкидланган. Жисмоний шахслар даромадларига солиқ давлатнинг молиявий барқарорлигини таъминлаш, бюджет танқислигини камайтириш, давлат хизматлари кўрсатиш ҳамда ижтимоий-иқтисодий мақсадларга эришиш учун муҳим восита сифатида кўриб чиқилган.

Таянч сўзлар: даромад солиғи, давлат даромадлари, адолат, самарадорлик, тақсимлаш, иқтисодий ўсиш, Ўзбекистон, ислохотлар.

Personal income taxes are one of the main sources of state revenue. The economic essence of such taxes lies in providing a financial basis to fund state expenditures, including public services, social programs, infrastructure, and other societal needs.

Personal income taxes play an important role in the economy, influencing income distribution, stimulating economic activity, ensuring funding for government programs, and regulating citizens' behavior. The evolution of personal income taxes has undergone significant changes over the years in various countries. While this tax has ancient roots, the modern tax system began to form in the 19th century. During that time, many countries began introducing income taxes to fund various state needs.

In the 20th century, many countries moved to progressive taxation, applying higher rates to higher income levels. This is usually considered fair from the perspective of social justice and allows governments to collect more funds for their objectives. Over time, various benefits and deductions were introduced into the tax system, allowing individuals to reduce their tax liabilities. These can include deductions for children, education, healthcare, charitable contributions, and other expenses.

In many countries, income tax covers capital income (e.g., interest, dividends, capital gains) and labor income (e.g., wages, payments for services, and others). These two types of income may be subject to different rates or tax benefits. With the processes of technology and globalization, challenges such as taxing income earned online and the international taxation of individuals working or investing abroad have emerged. Many countries are continuously reforming their tax systems to simplify tax collection, reduce administrative burdens, and stimulate economic growth. These changes may involve modifying tax rates, revising benefits, and simplifying payment procedures.

The general trend in the taxation system of personal income is aimed at achieving a fair, transparent, and efficient system that balances the needs of the state and the interests of taxpayers.

From 1992 to 1996, significant changes were made to the economic and tax systems in Uzbekistan. During the transition from a planned economy to a market economy, the procedure for taxing personal income was unclear and fragmented. In the early 1990s, reforms were carried out to adapt the tax system to the market economy, with the introduction of personal income tax being part of this process.

From 1997 to 2007, the personal income tax system in Uzbekistan included several types of taxes and levies. The main features of taxation during this period were as follows:

1. **Personal Income Tax.** Tax was collected from citizens' income from wages, entrepreneurial activities, rental payments, and other sources. Tax rates and collection procedures varied depending on the period.
2. **Social Taxes and Contributions.** In addition to income tax, taxes and contributions were also levied on wages for social and medical insurance.
3. **Income Tax from Entrepreneurial Activities.** Income from entrepreneurial activities was subject to taxation, with tariffs and regulations changing over time.
4. **Property Tax.** Property owners had to pay taxes based on the assessed value of their property.
5. **Other Taxes and Levies.** Depending on the specific circumstances or types of income of individuals, other taxes and levies could also exist.

Based on the analysis of the mechanisms and specific features of personal income taxation, the following important conclusions can be drawn:

1. **Significant Economic Impact.** All economists emphasize that tax policy significantly affects the economic behavior of individuals. High tax rates can deter investments and entrepreneurial activity, while lowering taxes can stimulate economic growth and investments.
2. **Principles of Fairness and Efficiency.** These are considered fundamental principles in the formation of tax systems. Progressive tax systems aimed at reducing income inequality help ensure social justice and economic stability.

3. **Simplification and Transparency.** Simplifying the tax system and increasing its transparency make it easier for taxpayers to understand and fulfill their tax obligations. A transparent and understandable tax policy increases taxpayer trust and helps boost tax revenues.
4. **Social and Economic Considerations.** Tax policy should take into account the social and economic consequences for different social groups. Reducing the tax burden for low-income groups and ensuring funding for state programs are of paramount importance.
5. **Promoting Socioeconomic Goals.** Tax benefits and deductions are viewed as tools for achieving socio-economic goals, such as stimulating economic growth, innovation, and environmental sustainability.
6. **Continuous Adaptation.** Economists emphasize the need to continuously monitor and improve the tax system, adapting it to changes in the economic environment and social needs. Modernizing and aligning tax policy with new conditions plays a key role in ensuring its effectiveness and fairness.

Personal income taxes are a primary tool for ensuring the financial stability of the state and fulfilling its key functions:

1. **Covering Budget Deficits.** Governments often face discrepancies between their expenditures and revenues, leading to budget deficits. Personal income taxes help reduce deficits and fund government spending.
2. **Providing Public Services.** Personal income taxes allow governments to provide various public services and programs, such as healthcare, education, social security, safety, and others. These services and programs require funding to operate.
3. **Ensuring Social Justice and Distribution of Burden.** In many states, personal income taxes are based on the principle of progressivity, meaning individuals with higher incomes pay a higher percentage of their income in taxes compared to those with lower incomes. This ensures a fair distribution of the tax burden in society.
4. **Stimulating the Economy.** Taxes can also be used to regulate the economy and the behavior of citizens. For example, through tax benefits or incentives, governments can encourage certain types of economic activity or behavior deemed beneficial for society, such as investing in research, education, innovation, or environmental protection.

The collection of personal income taxes serves as a fundamental tool for ensuring the financial stability of the state and fulfilling its basic functions in the interests of society. Income and wealth distribution, from the perspective of social justice and economic efficiency, are considered one of the main goals of many tax systems. Collecting taxes from individuals is one of the tools used to achieve this goal.

A well-designed tax policy based on principles of fairness and efficiency can contribute to a fair and sustainable society where resources are distributed more equitably and all members of society have access to basic services and opportunities.

The personal income tax system consists of a set of rules and laws that regulate the taxation of individuals' income and property.

- This system is generally quite complex, with many types of taxes, rates, benefits, and taxation features varying depending on residence, type of income, social status, and other factors.
- The complexity of the personal income tax system is influenced by many factors, including changes in legislation, the presence of various types of exemptions and exclusions from taxation, and the availability of different forms of tax reporting. Additionally, the tax system may involve various deadlines and obligations, which further define its complexity and diversity.

References:

1. **Abdurakhmonov, O. H.** - Tax System of Uzbekistan and Its Development Directions (Tashkent, 2019).
2. **Kadirov, I. Sh.** - Socio-Economic Efficiency of Tax Policy (Tashkent, 2022).
3. **Norqulov, Sh. J.** - Taxes in the Economy and Their Social Importance (Tashkent, 2021).
4. **Stiglitz, J. E.** - Economics of the Public Sector (New York, 2021).
5. **Musgrave, R. A., & Musgrave, P. B.** - Public Finance in Theory and Practice (New York, 2019).
6. **Atkinson, A. B., & Stiglitz, J. E.** - Lectures on Public Economics (Princeton University Press, 2018).