International Journal of Education, Social Science & Humanities.
Finland Academic Research Science Publishers
ISSN: 2945-4492 (online) | (SJIF) = 8.09 Impact factor
Volume-12| Issue-2| 2024 Published: |22-02-2024|

THE EMERGENCE OF A SCIENTIFIC VIEW OF THE TAX BURDEN AND ITS EVOLUTION

https://doi.org/10.5281/zenodo.10718386

Abduturopov Jasurbek Nozimjonovich
independent researcher of Tashkent State University of Economics

Annotation.

This article highlights the meaning of the term indicator of the tax burden in the economy, the problems of its definition, various opinions and views of scientists on establishing the optimal level of the tax burden on the economy. From the theoretical side, important aspects of the tax burden were studied, as well as scientific conclusions and proposals were formulated.

Introduction.

Successful socio-economic status, increased efficiency and well-being are priority areas of development for both individuals and various social groups, the state and society as a whole.

In a market economy, any state widely uses tax policy as a specific tool to influence negative market phenomena. Taxes, like the entire tax system, are a powerful tool for managing the economy in market conditions. In addition, the combination of direct and indirect taxation is the basis of the tax system. These two subsystems are closely interrelated not only in meeting the budget's needs for sources of income, but also in the processes of accurately calculating the tax base. The collection of some taxes may reduce or increase the accrued expenses of others.

Tax systems around the world are extremely diverse, and different countries have different tax structures. Taxes paid by individuals and legal entities vary greatly from country to country, from very low to very high levels of taxation. In any case, due to the strong desire of the subjects of fiscal relations to have more funds at their disposal, and at the same time urgent factors of public spending, determining the optimal value of the tax burden remains relevant.

Research methodology.

Traditional methods of analysis and synthesis, such as induction and deduction, were used in the preparation of this article. The opinions and considerations of scientists from foreign countries regarding the tax burden contained in published articles and textbooks were familiarized with the scientific and practical aspect, analyzed and based on their results, appropriate conclusions were formulated.

The main part.

The most widespread and relevant is the theory of the exchange of services, otherwise known as the atomistic theory of taxes, which arose in the Enlightenment era in the XVII-XVIII centuries in France. Its founders are Vauban, Montesquieu and others. The essence of the theory is that citizens should share their income with the state, since the latter provides internal and external protection of the life and property of subjects, guarantees order, tranquility and their freedom. Even then, Montesquieu noted the need to rationalize the tax burden by "finding the proportions of income left and taken from subjects, so that when paying for public services with part of their property, they receive a guarantee of protection of the rest or can use it with great pleasure."[1]

The tax theory of services was further developed in detail by the English scientist John Mill, who believed that every person is obliged to give the state part of his income in return for the help and support received from him. He justified the theory of introducing a non-taxable minimum for income taxation, which should be equal to the subsistence minimum. Regarding progressive taxation, J. Mill wrote: "To tax large incomes with a higher percentage than small ones means to tax diligence, thrift, to punish a person for working harder... saving more than a neighbor... fair and wise legislation should not encourage the fruits of honest labor to be wasted rather than saved." [2]

In the XVIII century, the idea of attributing tax to an insurance premium was born, which in the XIX century was theoretically justified by the French economists Louis Adolphe Thiers, Emile de Girardin and others. They believed that citizens should pay taxes to insure themselves against all kinds of risks and surprises. The amount of the insurance premium (contribution) must correspond to the amount of the individual's income or property, which is protected and insured by the state. However, as you know, taxes, unlike insurance premiums and payment for services, are compulsory, unilateral, and relatively non-equivalent in nature. In taxation, there is no clear relationship between the amount of tax paid to the budget and the amount of benefit each citizen receives from the state. Therefore, these theories have their own significance and right to life from the point of view of proving the expediency of taxes as a source of state functions, but they are not of significant interest in the issue of justifying the level of tax burden in the economy.

Adam Smith is considered to be the founder of the scientific theory of taxation. In his work "Research on the Causes and Nature of the Wealth of Nations," he defined a tax as "a burden imposed by the state in the form of a law that provides for both its size and the procedure for payment." [3] He believed that almost all state income received from taxes is spent unproductively, inefficiently, which leads to restrictions on capital accumulation, national income growth and the development of productive forces. Therefore, Adam Smith has a negative attitude towards taxes, due to which a part of the resources of society used by him to create productive labor is withdrawn.

He assessed various types of taxes from the point of view of economic development and capital accumulation. Indirect taxes, which are levied through the price of goods, not only increase prices and production costs, but also lead to a reduction in sales and consumption. And the payroll tax reduces the purchasing power of citizens, the demand in the market for goods and services, and therefore the supply, which ultimately negatively affects the state of the economy and finances of the country. In his opinion, such taxes "may make it difficult for the population to apply labor ..., reduce or even destroy funds that would allow ... to make these payments (taxes) ...". [4]

Neoclassical tax theories developed on the basis of the conceptual constructions of the neoclassical school of political economy, based on the principle of a balanced state budget, reduction of public spending and tax exemptions. They developed mainly within the framework of the "pure" theory of government spending in the late XIX – early XX centuries. By comparing estimates of the usefulness of public spending with the burden of tax payments for individual business entities, the central problem of public finances was solved – the establishment of the optimal size of the state budget. At the same time, based on the theory of limited government intervention in the economy, a theory of reducing the general level of taxes was formed.

The objective need to strengthen the economic role of the state and activate its economic activities has served as an impetus for a more in-depth theoretical analysis of the role of budgetary and tax regulation of social reproduction. Tax policy began to be considered not only from a fiscal point of view, but also from an economic point of view.

A notable contribution to the development of the modern theory of public finance was made by Arthur Cecil Pigou (1877-1959). His main work, The Economic Theory of Welfare, was published in 1924. The author considered in detail the problem of taxation and government policy in the field of expenditures,

International Journal of Education, Social Science & Humanities.
Finland Academic Research Science Publishers
ISSN: 2945-4492 (online) | (SJIF) = 8.09 Impact factor
Volume-12| Issue-2| 2024 Published: |22-02-2024|

not only at the macro, but also at the micro level. For the first time, he actually drew the line between fiscal and economic budgetary measures, when material and labor resources are attracted to production with the help of expenditures from the state budget. A. Pigou also defined the basic principle of taxation – the principle of the "least cumulative sacrifice". Fearing the restriction of savings and capital accumulation due to high taxes, he insisted that taxes should contribute to the expansion of the sphere of labor activity or at least prevent its reduction. The author said that maximum well-being can be achieved with the help of government regulation, for which it is necessary to pursue an appropriate financial policy. [5]

The Keynesian theory of taxes is the most important component of the economic theory of the same name and the theory of public finance. In the work "The general theory of employment, interest and money" by John Maynard Keynes outlined his view on tax policy and government spending and their impact on the economy as follows: "Since the incentives of participants in the economic process to save are influenced by estimated income, these incentives depend not only on the rate of interest, but also on the tax policy of the state ... if tax policy is deliberately used as a tool by which it should be If a more equitable distribution of income is achieved, it will, of course, have an even stronger impact on increasing the propensity to consume." [6] He believed that the main cause of overproduction crises is insufficient consumer demand, so the balanced development of the economy can be achieved through "effective demand".

By the end of the 70s, as the reproduction crisis escalated, low labor productivity growth, increased inflationary processes of labor productivity growth, increased inflationary processes and budget deficits, critical remarks about Keynesian theory arose. The conclusion from the current situation was found within the framework of the neoclassical trend with monetarist views, based on the theory of "supply-side economics". This theory was built in contrast to the Keynesian one, criticizing its positions that have not been established since time and putting forward concepts relevant to their time. Proponents of the "supply-side economy" focused on the analysis of the negative effects of taxes on the economy. [7] An increase in government spending causes an increase in the tax burden, which undermines incentives to increase productivity, savings and investment. Therefore, the main postulates of the theory of "supply-side economics" are: reducing government intervention in the economy, reducing taxes, lowering the scale of progressive taxation, and reducing government spending.

Followers of the theory of "supply–side economics", unlike Keynesians, believe that lowering tax rates does not always lead to a reduction in tax revenues,

International Journal of Education, Social Science & Humanities. Finland Academic Research Science Publishers
ISSN: 2945-4492 (online) | (SJIF) = 8.09 Impact factor
Volume-12| Issue-2| 2024 Published: |22-02-2024|

and increasing them leads to an increase. In practice, it can be expected that lower tax rates stimulate the expansion of GDP production, and this in turn leads to an extensive increase in tax revenues. This concept, presented by American Professor Arthur Betz Laffer, was the basis for tax reforms in the United States and other Western countries in the 1980s.

Theoretical innovations about the possibility of maintaining or even increasing tax revenues by reducing tax rates were justified by a hypothetical curve (Figure 1)

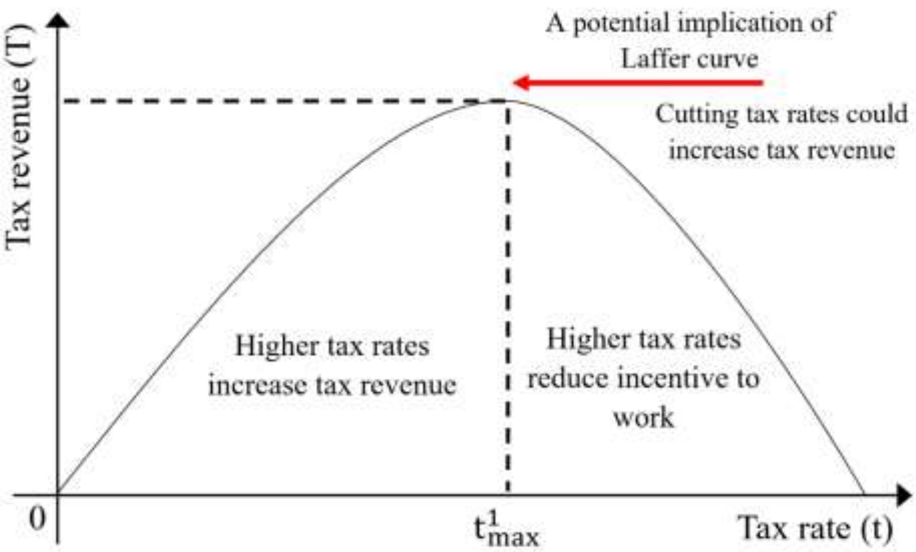

Figure 1. The Laffer curve[72]

According to A. Laffer, in a certain range of values, the range of values of the tax burden (in the range from 0 to 1 max) its increase leads to an increase in the volume of tax revenues (T), and this area of the tax burden is considered normal. This idea was justified by the fact that lower tax rates would create incentives for work, savings and investments, innovation and business risk-taking, thereby stimulating a significant increase in national production and income.

The Laffer curve can also be presented in another form, showing the extent of the movement of entrepreneurial activity to the shadow sector when the optimal limits of the tax burden are exceeded. With an increase in tax rates at the beginning of the curve, the motivations of business entities are not seriously affected and the interest in legitimizing income, as well as the total volume of production, decrease more slowly than the tax burden increases. Since in this case, the reduction of the tax base occurs more slowly than the tax burden increases, budget revenues increase. “The fundamental idea behind the curve”, A. Laffer argued, “is that the

[72] https://www.economicshelp.org/

higher the marginal tax rates, the stronger the incentive individuals will have to evade them.” [8]

Speaking about the conceptual and categorical justification of the definition of “tax burden”, it is necessary to highlight the variety of approaches to its interpretation and quantitative identification. Thus, F. Justi, one of the first to study the quantitative aspect of the tax burden and its pressure on the economy, defined its economic content at the macro level as "the ratio between the budget and the national income of the state ...”.[9] According to K. Brouer, the burden of taxes is “the burden that the state directly imposes on the population and business entities. The effect of such a tax burden is designated as the severity of taxation, which, on the one hand, is defined as the relationship between the imposed burden and the taxpayer's tax solvency, on the other hand, as the relationship between the tax liability and the ability to transfer it from the production side, if the tax payment is an integral part of the production costs.”[10]

Summarizing scientific research on the ratio of budget and national income, Adolph Wagner concluded that “the higher the immediate economic value of public services, the more these services contribute to productive forces and the greater the absolute free national income, i.e. the income remaining after meeting the most necessary material needs of the population, finally, the more of the net state income is extracted from state-owned enterprises, and not from taxes, the higher government spending can be both in absolute amount and in relation to national income.”[11]

N.I. Turgenov believed that “the government should take as much as it needs to meet the true needs of the state, and not as much as the people are able to give.” [12]

K.F. Shmelev identified two elements that make up the burden of taxation: the burden of taxation and the pressure produced by this burden in the national economy. [13] By the time of taxation, he understood “the burden that the state directly imposes on the population,” and under the pressure (weight) of the tax burden, the national economy as a whole, bringing them material losses and damage.” [14]

The specification of this quantitative approach is presented in the interpretation of V.G. Panskov, who argues that “the tax burden on the economy, as a rule, is the ratio of all taxes received in the country to the created GDP. The economic meaning of this indicator is to estimate the share of GDP redistributed through taxes.” [15]

Conclusions and suggestions.

As can be seen from the above definitions, modern scientists do not have a unified approach to interpreting the qualitative specifics of the "tax burden" category, while its quantitative justification is formulated unambiguously. From our point of view, the tax burden should be considered through tax relations. The fiscal aspect of the tax burden is realized through the centralization of part of the financial resources of the private sector in the public interest, and the regulatory aspect is represented by a set of opportunities for indirect impact on reproductive processes through the tax mechanism. In the process of the evolution of economic relations, the system of scientific views on the essence of the tax burden has been transformed, which currently seems to be an immanent factor in the partial restriction of economic freedom of economic entities, a kind of aggregated "price" of public goods and services provided by the public sector.

At the same time, one of the attributive features of tax relations is that they are not accompanied by a simultaneous counter equivalent movement of value on the part of the state in exchange for tax payment and are devoid of an element of voluntariness on the part of the taxpayer, therefore their functioning is associated with a number of objective contradictions, the content of which is due both to the fact of tax withdrawal and its relative magnitude. In this regard, the correct measurement of the tax burden, the identification of the basic factors of its formation and areas of optimization are the most important areas of harmonization of the interests of states and taxpayers.

LIST OF LITERATURE.

1. "Taxes". Edited by D.G. Chernik.: – M. Finance and Statistics, 1997. p 16.
2. "The history of economic studies". Edited by V. Avtonomov, O.Ananyin, N.Makasheva. – M.: INFRA-M, 2002. p 560.
3. "An Inquiry into the Nature and Causes of the Wealth of Nations". A. Smith. 2-M.: Sotekgiz, 1935, p 341.
4. "An Inquiry into the Nature and Causes of the Wealth of Nations". A. Smith. 2-M.: Sotekgiz, 1935, p 343.
5. "Taxation: theories, problems, solutions". Edited by V.P.Vishnevsky. - Donetsk: IEP NAS of Ukraine, 2006, p 54-55.
6. "The General Theory of Employment, Interest & Money". By J.M. Keynes.: –M. Progress, 1978, p 210

International Journal of Education, Social Science & Humanities. Finland Academic Research Science Publishers
ISSN: 2945-4492 (online) | (SJIF) = 8.09 Impact factor
Volume-12| Issue-2| 2024 Published: |22-02-2024|

7. "The history of economic studies". Edited by V. Avtonomov, O.Ananyin, N.Makasheva.: – M.: INFRA-M, 2002. p 584

8. "Tax reforms of the 80s in the USA: social-economic aspect". Kravchenko I.A.: - M.: NIFI, 1989. p 9.

9. "Taxes and the tax system of the Russian Federation". Panskov V.G. – M.: Finance and Statistics, 2005, p 93.

10. "Tax planning". E.S. Vylkova, M.V. Romanovsky.: – St. Petersburg, 2004. p 476.

11. "The history of financial thought and tax policy". V.M. Pushkareva: A textbook. – M.: INFRA-M, 1996. p 184.

12. "The experience of the theory of taxes". N.I. Turgenev: M., 1937, p 13.

13. "The tax burden in the USSR and foreign countries" (essays on the theory and methodology of the issue). Compiled by P.P. Hansel, P.V. Mikeladze, V.N. Strogiy, K.F. Shmelev.: Financial Publishing House of the NKF of the USSR, 1928. pp 16-17.

14. "Contribution of Russian financiers to solving the problem of non–calculation of the severity of taxation". V.M. Pushkareva: Finance, 2004. p 68.

15. "Taxes and the tax system of the Russian Federation". Panskov V.G. – M.: Finance and Statistics, 2005, p 95-96.