

# THEORETICAL AND LEGAL ISSUES OF TAX RELATIONS REGULATION

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**ABSTRACT**--This paper makes analyses of the theoretical and legal issues of tax relations. On this case, regulation of the relations were stated in the development of the taxing conditions of Uzbekistan. It analysed and concluded with both theoretical and methodological points of the republic of Uzbekistan.

**Keywords**--Theoretical, methodological, legal, relations, regulation, Uzbekistan

## I. INTRODUCTION

Ensuring the free operation of business entities, radical reduction of government interference in their activities, early prevention of offenses and increasing the effectiveness of preventive measures are the most important priorities of state policy in the economic development.

Rational formation of the state tax policy and system will create favorable conditions for development of entrepreneurship and attraction of foreign investments in the country.

Strategy of actions on five priority directions of development of the Republic of Uzbekistan in 2017-2021 is one of the priority tasks "to continue the policy of tax burden reduction and simplification of taxation system, improve tax administration and expand appropriate incentives" to further macroeconomic stability and maintain high economic growth is considered [1].

The system of tax regulation and the existence of certain problems in improving the legal culture of the taxpayers have a negative impact on providing sustainable sources of funding for socio-economic development programs in the country.

## II. THEORITICAL BACKGROUND

This will cause the introduction of modern information and communication technologies in the activities of the state tax authorities, the transparency of tax administration, the effectiveness of cooperation with ministries and agencies concerned in tax relations and the effectiveness of control.

Therefore, the main directions of tax reforms in the country are:

- Analysis of tax legal relations and trends in their development, the development of medium-term and promising areas of tax policy;
- Researching actual taxation issues and improving the reliable forecasting of tax revenues to the budget;
- Preliminary analysis of tax inspection objects when organizing tax control;
- Creating a system for the effective use of opportunities for pre-trial settlement of tax disputes;
- unification of the taxation system and regulation of tax relations;

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- Achievement of the reduction of violations by ensuring the stability of the tax liability system of taxpayers;
- Special attention is paid to improving the legal culture of taxpayers and ensuring their voluntary fulfillment of tax obligations and obligations.

The 21st century is characterized by the gradual penetration and application of information technology systems and their products in all areas of socio-economic life. This complicates the process of tax control and its effectiveness.

The above-mentioned determines the need to develop proposals and recommendations to improve them as a result of theoretical and practical research on the problems of increasing the effectiveness of taxation system and regulation.

The basis for research is the study of its theoretical and legal basis for all problems. This issue justifies the need to study the theoretical foundations of tax administration and to assess its legal basis.

### **III. MAIN PART**

The system of tax relations is an indication of the socio-economic relations between the state and taxpayers, and the state imposes tax obligations on taxpayers, individuals and legal entities. Thus, the tax relationship is the financial relationship between the state and individuals and legal entities. This system of relationships arises due to the redistribution of the gross domestic product by means of allocation of part of the income of legal entities and individuals to the budget, which is the central state fund in the order and amount established by the legislation.

The first prerequisite for tax administration is to impose a certain type of tax on the taxpayer. The study of tax relations in Uzbekistan shows that taxes, procedures for calculating and collecting taxes are available in all forms of human society.

Tax, along with a well-targeted financial policy, redistributes some of the gross national product and thus participates directly in the restructuring of the economy and the guarantee of social protection. It is not without reason that "the most important task of the tax system is to stimulate the development of production, efficient use of raw materials, natural, financial and labor resources and accumulated property" [2].

The main purpose of tax reform is to reduce the tax burden on enterprises. Sustainable development can be achieved through revitalization of production and modernization and diversification of the economy through the reduction of tax burden on enterprises.

When disclosing the nature of taxes, it is necessary to pay attention to the fact that taxes are democratic. In the context of market relations, businesses can receive their property as a compulsory payment at any rate, at any rate, directly or indirectly, from economic entities and population. This method was typical of administrative command and centralized planning. Because during the planned economy 95-97% of the property was state-owned, their property became available to the public at will. At the same time, up to 90% of enterprises' profits are transferred to the state budget through tax and non-tax payments.

In the case of market relations, the state relies on tax rates approved by the Oliy Majlis to allocate a portion of the income of economic entities and individuals with various forms of ownership to the budget. As mentioned above, taxes are the main source of government revenue. Therefore, it is necessary to understand the essence of the concept of taxation in order to build up knowledge and skills about the tax system.

According to the Tax Code of the Republic of Uzbekistan "Taxes are compulsory payments to the budget, established by the Tax Code, which are collected in certain amounts, regular, non-refundable and non-repayable" [3].

This means that taxpayers have the following five characteristics to be recognized as taxes:

- collection of a certain amount;
- regular collection;
- non-return to the taxpayer;
- gratuitous payment, that is, without a specific purpose;
- Be charged to the budget.

Taxes are the primary means of distributing newly created value between taxpayers and the state at the community level. Taxes are not only the main means of creating budget revenues:

- Increasing output;
- increased investment to stimulate production;
- increasing the share of competitive products;
- serve the needs of the nation as well as others.

Our country originated in the Central Asian region in the first millennium BC because of the first political unification of the tribes. The first type of tax was introduced in cash and in kind as a tax on per capita and land and received from citizens. This was the first source of public finance.

Scientists in Uzbekistan, along with the development of such subjects as mathematics, astronomy, jurisprudence and geography, are a major contributor to the formation of tax administration and the creation of a system for regulating tax relations in what we now call developed countries.

When Amir Temur arrives in the country, he will carry out wide-scale tax and tax reforms. During this period, taxes were collected from the population such as land taxes (goods, livestock), soul taxes, animal feed (goats), begging duties, and emergency taxes (aviation fuel). Historical sources indicate that Amir Temur used his financial and tax laws in the past to use the experience of his predecessors, his contemporaries, and the positive aspects of the tax system of the occupied countries.

Amir Temur is a statesman who helped to develop taxation and tax administration practices, but also their theory. The results of our analyzes show that Amir Temur has followed the principles which the governments should follow in taxation, and that he himself adhered to it.

"I have ordered them not to put themselves in a bad situation or to put the country into poverty when collecting money from the government. This is because devastation of the rhetoric will result in a decline in the state's treasury. And the depletion of the treasure will cause the dispersion of the troops. The disintegration of the army, in turn, leads to the weakening of the Sultan.

In these theoretical perspectives, Amir Temur emphasizes that the proper policy of taxation is important for ensuring national security. At the same time, Amir Temur theoretically justified the need to take into account the interests of the people in the development of state tax policy and take into account the achieved level of wealth in each individual farm. The tax system of the state of Amir Temur, established on the basis of these sentimental

views, not only provided the uninterrupted funding of his great empire, but also provided the necessary funds from the treasury for science, science, culture and landscaping.

In Amir Temur, unlike any other period, there are rules for calculating taxes. For example, if a farmer has permanent irrigation ditches, water pipes or streams and that water is continuously flowing, his income from these lands is divided into three parts, two thirds of which are taxed to the landowner and one third. When lands are irrigated with rain water, they are divided into two parts, one-third or one-fourth of which are taxed. This means that land tax bonuses, which are currently in the tax law, have begun since Amir Temur's rule and that a policy of differentiation of tax rates based on the level of productivity of the land was introduced.

At the same time, the government was encouraged to develop new land during this period. A farmer who cultivates and irrigates the irrigated land, planted seedlings or cultivated unoccupied lands is exempted from taxes in the first year, and has the right to pay as much as he wants. This issue is described in the Temple's Predictions in the Order of Tax Deduction and Collection: "Anyone who lands a wilderness, or builds a garden, or plant a garden, or lands on a ruined land, shall not receive anything from it in the first year; and in the third year (tax-deductible), the legal norm is that they should collect fees [4].

In addition, citizens are given the right to choose the procedure for paying taxes. At the same time, a part of the citizen tax is estimated at current prices and received in money. In all countries dependent on Amir Temur's tax system operated. However, countries with historically established taxation systems could also use their existing tax system.

#### **IV. RESULTS**

In addition to the tax system, Amir Temur paid great attention to the creation of the state taxation apparatus as a mechanism of tax administration. At that time, counties, provinces, and parts of the country were burdened by their predecessors, their emirs, their sons and grandchildren. The right of insurance has given the governor the right to collect taxes and taxes, established by the state, from the inhabitants of the area. Some or all of these taxes and taxes are left to the landlord.

Other provinces were governed by the Wolves or Tulip Institute. At the same time, citizens are appointed governors for special services, and they are granted the right to collect taxes and record expenses. Unlike a burgundy, the land was not fully owned by Tarhan. In each of these areas, each individual who was tasked with collecting revenues had worked for three years. Three years later, the province was audited, and as a result of the inspection, the population was dissatisfied with the development of the region and its inhabitants, the existing procedures remained unchanged, otherwise revenues were seized from the governor. The governor was also appointed to protect the population from the harassment and looting of the governors in the provinces under the control of Tarhans.

The government has also taken into account the need to set deadlines for tax collection in order to prevent injustice and violence. For example, it is forbidden to collect taxes before harvesting grain. The payment is due in three terms. The tax collector shall use his words and reputation to collect the tax, if necessary, and shall not use rods, whips and chains to collect the tax.

The most important and important aspect of this tax system is that it is not allowed to collect any levies, waterfalls, but by the decree of Amir Temur personally took the tax on crop yield, soil fertility and other conditions.

These examples show how the laws in the history of Uzbek statehood, in the time of Amir Temur, were in the public interest. Many sources and publications have reflected this fair tax policy in full compliance with the interests of citizens. Specifically, in the book by DN Logofet "In the mountains and plains of Bukhara", Amur notes on the tax policy of Temur. "In his power the citizens are treated fairly... The income tax that we are now striving for is already in his power."

Professor Z.Mukimov, who has done research on the historical and legal issues of the "Temur's Plots," emphasizes the importance of ensuring justice in all aspects of public administration, and evaluates the theoretical and legal framework of Amir Temur's rule. , a scientist and a fuselage, the justice of the soldier must have ensured his lifelong success. "[6]

Comparative analysis of the tax system and tax administration of Amur Temur State shows that the theoretical conclusions developed by Amur Temur apply in practice in many developed countries today.

In addition, our research today ignores the notion of world taxation and the founder of tax administration, Adam Smith, and proves that the theoretical and legal foundations of taxation and administration in our country have been developed by Amir Temur in XIV.

Four centuries after Amir Temur, European scholars express their views on these issues. In particular, the European scientist, who adheres to the activist principle of man and the laws of market self-regulation, Smith argues that tax administration is concerned with the idea that "peace, normal taxes, and patience in governance are the main factors that do everything else by natural processes" [7].

According to the results of his research, Mr. Keynes objected to A. Smith and suggested that "the market economy cannot cope with the economic collapse (industrial recession, unemployment, etc.) without state support" [8]. Tax policy is an integral part of the state's economic policy. That is why in all developing economies, much attention is paid to the use of taxes to regulate economic relations.

Keynes proposes to divide the factors that influence society's development into three groups. The first group are the primary factors that include the level and quality of workforce, the number and quality of available equipment, production technology, competition level, consumer tastes, different levels of labor, the importance of control and production, and positive factors. Under these factors, the Keynesian theory is abstracted, which focuses on two other groups.

The second group is an independent variable, such as consumption tendencies, the most effective capital and interest rate factors. The third group includes factors of employment and national income. Keynes argues that the function of government intervention is to influence independent variables and, through it, employment and national income. At the same time, monetary incentives are encouraged by credit and fiscal policy, and because of the impact of interest on savings on economic actors, these factors depend not only on interest rates but also on government tax policies. and income tax, capital gains tax, inheritance tax, and inheritance tax, where there are significant differences in rates of tax on "unearned" funds. Other taxes play a significant role in interest rates, and the scope of possible changes in tax practices may be greater than changes in interest rates. has a stronger effect "[9].

Representatives of the neoclassical direction A. Hansen, P. Samuelson (USA), R. Harrod (Great Britain), F. Noorman (Germany) and others suggested changing tax system and adapting tax policy to cyclical economic development. They paid special attention to income taxes. It is believed that the tax will retain some of the increasing revenues in the development of the economy and limit the decline in income.

John Keynes's followers argue that taxation as an automatic stabilizer should be complemented by state tax measures, such as changing taxes, extending or reducing benefits. The area of taxation is the economy, that is, the sphere of basic relations. The creation of a single tax system is a result of its over-development, and therefore, it is believed that the effectiveness of the existing tax system depends on the state structures that create and manage it [10].

Important functions of the state can be considered through taxation, since these are two dialectically interconnected elements or two sides of the same medal. Tax is the financial source used by the state to accomplish its goals and objectives. Consequently, the nature and functions of the tax relate to government activities. Mr. McConnell believes that fiscal policy is a fiscal policy that can be viewed as both a stimulus and a deterrent policy, based on its objectives to stabilize the economy [11]. The main purpose of fiscal policy is to eliminate unemployment and inflation. In times of crises, the issue arises about fiscal policy that stimulates the economy. This is an increase in government spending, tax cuts, and inflation. Fiscal policy should rely on a positive balance in the government budget if the economy is facing inflation.

In his monograph "The Fundamentals of Financial Science" (1924) F. Menkov acknowledges the need to rely on four principles of taxation [12]. The author believes that taxes must be paid exclusively and paid without tax deductions, and that the tax burden must be distributed equally or evenly among certain individuals.

The French economist J. Boden suggested that in his works, it was necessary to create state revenues from the use of state property and customs duties, and to collect taxes from the population, in order to avoid civil dissatisfaction.

Unlike J. Bowen, the British philosopher-economist T. Gobbs suggested that the state has the right to tax its citizens in order to generate their own revenues, but that taxation should be focused on normal and proper distribution of taxes [14].

In the seventeenth century, the need for taxes from European countries intensified financial studies and views. As a result, the development of financial science and new ideas for the formation of public finance have emerged. One of such important ideas was the English philosopher and economist T. Hobbes, who proposed the idea of the exclusive right of taxation in 1642, but Hobbes concludes that taxation must be balanced and uniform.

By the end of the seventeenth century, theories of finance, philosophy, law and state were put forward by Volter, J.J. Rousseau, F. Kene, and O. Mirabo in connection with changes in political, social and economic life under the influence of the Great French Revolution. These scholars have developed scientific theories that substantiate the government's right to taxes in the area of finance and the extent to which each state participates in the financing of public expenditure and the principles of equality in taxation. For example, Volter has come to the idea of "paying the tax, giving a portion of his property for the remainder of his life."

The prevalent benefits, metabolism, and atomic theories in this period are derived from the state's private law perspective. The classics of this period, Woban and Monteske, argue that taxes are a "state-paid payment" that protects the privacy and personal security of every citizen.

## V. DISCUSSIONS

The Scottish economist Adam Smith, the leader of the eighteenth-century debate on the political nature of taxes, argues that tax principles should be based on the principles of uniqueness, reliability, convenience and low cost.

The ideas of nineteenth-century socialism greatly influence the development of financial science (K. Marx, F. Engels). This effect is reflected in the development of sociopolitical trends in tax theory. K. Marx argues that taxes play a special role in the performance of the state's duties, adding that "Tax is the mother's nourishment. Tax is the fifth deity in property, family, order, and religion."

Russian scientists I.T. Pososhkov [17], Speransky [18], N.I. Turgenev [19], M.F. Orlova [20], E.G. Osokina [21] and others [22] studied the public finance and its peculiarities in the 19th century. In particular, the famous economist and lawyer A.A. Isaev's fundamental research in tax theory and policy on "Tax policy and tax policy issues" is of great importance [23]. A.A. According to Isaev's research, "The Doctor of Justice for Tax Policy," in the field of taxation:

- *Who should pay taxes?*
- *How to ensure compliance with tax allocation? "should answer questions.*

The researcher said, "The state's biggest task is to create such a procedure that fully fulfills the idea of the welfare of the population. he should refuse to weigh. "

It should be noted that the prospects of economic, legal and political analysis of tax administration provide new opportunities for research in this area. The basis of tax disputes in any tax system is:

- *Allocation of state income to taxpayers for social needs;*
- *Politically, there is a combination of the use of force to ensure the implementation of state legislation.*

The mechanisms of legal regulation of tax relations are divided into two stages in the scientific literature.

At the legislative level, the state will establish a specific tax system; that is, direct and indirect taxes; proportional and progressive tax rates; types of privileges and procedures for their application, special and simplified tax regimes; the technical and legal mechanisms of tax collection. The second stage defines the legal basis for the development of tax administration mechanisms to regulate tax relations among the subjects of tax relations.

It can be concluded that legal regulation of tax relations is not only important in tax law but also contributes to economic and political stability in society.

Therefore, ensuring the free operation of business entities, radical reduction of government interference in their activities, early prevention of offenses and increasing the effectiveness of preventive measures are one of the main priorities of Uzbekistan's state policy on economic development.

Rational formation of the state tax policy and system will create favorable conditions for development of entrepreneurship and attraction of foreign investments in the country.

Therefore, the strategy of action on the five priority areas of development of the Republic of Uzbekistan for 2017-2021 is a priority for "further strengthening the macroeconomic stability and maintaining high economic growth rates in the country. was identified as one of the tasks [1].

## VI. CONCLUSION

The system of tax regulation and the existence of certain problems in improving the legal culture of the taxpayers have a negative impact on providing sustainable sources of funding for socio-economic development programs in the country. These circumstances lead to the introduction of modern information and communication technologies in the activities of state tax authorities, transparency of tax administration, cooperation with ministries and agencies concerned in tax relations, and weakening control.

Therefore, in the main directions of the tax reform optimization in our country, special attention is paid to improving the legal culture of taxpayers and ensuring their voluntary compliance with tax obligations and obligations.

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