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PRIORITIES OF TAX POLICY IN INCREASING THE ECONOMIC POWER OF REGIONS

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Abstract: This article analyzes the role and importance of effective tax policy and tax administration in increasing the economic potential of regions. The impact of tax policy on regional development, strengthening the revenue base of local budgets, improving the investment climate, supporting entrepreneurial activity, and improving tax administration based on digital technologies are discussed. Also, based on the experience of developed countries, scientific and practical proposals have been developed to further improve the tax system in the regions of Uzbekistan.

Keywords: regional economy, tax policy, tax administration, local budget, investment, entrepreneurship, digitalization, economic potential, fiscal policy, regional development.

The sustainable development of the country's economy is largely determined by the economic potential and financial independence of the regions. One of the important factors in the economic development of the regions is the formation of an effective tax policy and modern tax administration. Because the tax system, in addition to ensuring the fiscal interests of the state, also performs the functions of stimulating investment activity, developing entrepreneurship, and reducing economic disparities between regions. In recent years, Uzbekistan has been implementing large-scale reforms aimed at liberalizing the economy, comprehensively developing regions, and strengthening the financial stability of local budgets. In this process, improving tax policy and digitizing tax administration are of great importance.

Tax policy is an integral part of the state's economic policy and is an important tool for regulating economic processes. Through taxes, the state stimulates economic growth, improves the investment climate, supports the development of regions, expands entrepreneurial activity and finances social programs. From the point of view of regional economic development, the main goal of tax policy is to stimulate economic activity and expand the regions' own revenue base. As a result of an effective tax policy, new production capacities are created in the regions, the number of jobs increases, and the income of the population increases. As a result, local budget revenues are strengthened and the investment attractiveness of the regions increases.

Tax policy has an impact on increasing the economic potential of regions in the following ways:

Investment incentives - tax incentives and preferences encourage investors to implement new projects. For example, profit tax incentives, property tax deductions, land tax preferences and special tax regimes in free economic zones. As a result, the flow of investments to the regions increases and production volumes expand.

Support for entrepreneurial activity - small business and private entrepreneurship are one of the main drivers of the regional economy. As a result of the optimization of the tax burden, it contributes to an increase in the number of new enterprises, an increase in the level of employment, a reduction in the informal economy, and the development of a competitive environment.

Strengthening local budgets - one of the main sources of revenue for local budgets is taxes. In the regions, land tax, property tax, turnover taxes, and personal income tax ensure the financial stability of local budgets.

In the modern economy, tax administration is considered not only as a process of tax collection, but also as a system for organizing effective cooperation with taxpayers. The main tasks of tax administration are:

•full tax collection;
• strengthening tax discipline;
• reducing the size of the shadow economy;
• creating favorable conditions for taxpayers;
• widespread introduction of digital technologies.

The literature emphasizes that "Further improvement of tax policy, simplification of types of taxes and the mechanism of their application are one of the important directions of economic reforms. The science of taxes and taxation, studying the most correct, most perfect and progressive realities in tax practice, serves as a programmatic basis for practice. As market economy relations develop, the importance of tax relations increases, and taxes become an important tool of the state in regulating the economy." [1]

Effective tax administration increases budget revenues and ensures transparency of economic activity.

If we look at the experience of foreign countries, in Germany, in order to support regional development, clear powers have been established between federal and local taxes. Local authorities have an independent revenue base through property taxes and certain taxes on business activities. This strengthens the financial independence of regions. In South Korea, enterprises operating in regional industrial zones are granted tax breaks for a certain period. As a result, the volume of investments increases, new jobs are created, and regional industry develops. In Singapore, tax administration is fully digitalized. As a result, declarations are submitted electronically, tax audits are automated, and corruption factors have been sharply reduced.

In recent years, the country has been implementing significant reforms to modernize its tax system. In particular, tax rates have been optimized, electronic invoices have been introduced, online cash registers have been widely used, tax reporting has been simplified, and a risk analysis system has been introduced. As a result of these reforms, budget revenues are increasing, tax administration costs are decreasing, and the business environment is improving.

In order to increase the economic potential of regions, priority areas for improving tax policy are of great importance. First of all, it is necessary to strengthen the fiscal independence of regions, that is, to expand the sources of revenue of local budgets. To this end, it is advisable to increase the share of local taxes, improve inter-budgetary relations, and expand the revenue-generating powers of regions. In strengthening the investment-oriented tax policy, it is necessary to expand tax incentives for projects that create high added value. In this regard, special attention should be paid to the sectors of industry, logistics, tourism, and information technologies.

Also, the use of artificial intelligence and big data technologies in the full digitalization of tax administration can identify tax risks, reduce the shadow economy, and reduce administrative costs. In the direction of reducing the informal economy, it expands the tax base by legalizing informal activities. At the same time, it improves the competitive environment and increases budget revenues. In terms of developing a system of cooperation with taxpayers, it is important to

[1] Vahobov A.V., Jo‘rayev A.S. Soliqlar va soliqqa tortish. – Toshkent: Sharq, 2019. – 430 b.

strengthen the principles of service provision in the activities of tax authorities. This will increase the culture of voluntary tax payment, improve the business environment, and reduce tax disputes.

In conclusion, we emphasize that effective tax policy and modern tax administration are of great strategic importance in increasing the economic potential of regions. Strengthening the economic incentive function of the tax system, increasing investment attractiveness, ensuring financial independence of local budgets, and widespread introduction of digital technologies serve the sustainable development of regions. Therefore, further improvement of tax policy as a tool for stimulating economic activity, full digitalization of tax administration, and expansion of fiscal capabilities of local governments will remain one of the priorities in the future regional development strategy. These measures are an important factor in increasing the competitiveness of regions, attracting investments, and improving the well-being of the population.

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