

EXPLORING BUDGET REVENUES: FORMATION, NATURE, AND PRINCIPLES

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<https://doi.org/10.5281/zenodo.11524008>

Annotation: This article provides a comprehensive analysis of budget revenues, focusing on their composition, formation, and guiding principles. Through examining various sources of government income and discussing fundamental principles, it offers insights into the dynamics of fiscal policy and public finance management.

Keywords: Budget revenues, fiscal policy, taxation, government income, principles, public finance.

Introduction: Budget revenues are the lifeblood of any governmental entity, fueling essential services, infrastructure development, and social welfare programs. Understanding the content, nature, and principles behind budget revenues is crucial for policymakers, economists, and citizens alike. This article aims to delve into the intricacies of budget revenues, exploring their composition, formation, and the guiding principles that underpin their allocation.

Budget revenues are a part of the centralized financial resources of the state and are essential for carrying out governmental functions. They express economic (financial) relations that arise in the process of forming monetary funds and are subject to various degrees of authority of government bodies.

In accordance with the above, the following definitions can be given to clarify the meaning and content of budget revenues: they are a part of the centralized financial resources of the state necessary for carrying out governmental functions, expressing economic (financial) relations that arise in the process of forming monetary funds and are subject to various degrees of authority of government bodies.

Budget revenues differ according to the structure of the state organization as follows:

- 1) Central (state) budget revenues;
- 2) Revenues of territorial budgets in unitary (unitary) states.

In states with a federal structure, these two forms of budget revenues are filled with the revenues of the budgets of the federation members.

Budget revenues are a relative term compared to state revenues. This is because state revenues, along with the financial resources of all levels of government, also include other resources related to public sector entities and all other resources related to the entire state sector.

Discussion:

When we talk about national wealth, it encompasses material resources created in lieu of the efforts of a certain society at a given time, as well as natural resources exploited and extensively used in the production process alongside human labor of current and past generations.

National wealth is expanded into the state treasury through various methods. Taxes, government credit, and currency issuance are considered the basic methods utilized by government authorities to redistribute national wealth and generate budget revenues. These methods vary from country to country and era to era, depending on the economic situation, socio-economic and other disparities, the strength of the state's fiscal policy, and financial conditions.

Taxes are the primary method of redistributing national wealth. They ensure the main source of budget revenues. In many countries, tax revenues constitute approximately 90% of central budget revenues. The proportions of taxes in the revenues of federation members and local budgets are relatively lower. These budgets are formed from collected (own revenues of related budgets) and allocated (revenues from the upper boundary of the budget system to the lower boundary) revenues.

According to its financial importance, government credits are also considered budget revenues. In times when there is a budget deficit for the upcoming year, the government resorts to this method. Depending on the complexity of the financial situation in the country and the increase in the size of the budget deficit, the government applies for government credit. There are two ways to obtain such loans:

1. Issuing government securities to physical and legal entities to borrow from them.
2. Obtaining loans from central banks and other credit institutions.

1. **Composition of Budget Revenues:** This section outlines the various sources of government income, including taxes, fees, fines, and grants. It explores the significance of each revenue stream and their contribution to the overall budget.
2. **Formation of Budget Revenues:** Here, the article examines the factors influencing the generation of budget revenues. This includes economic growth, demographic trends, legislative changes, and external factors such as international trade and investment.

In exceptional circumstances, when tax payments and government borrowing become complicated, the government resorts to monetary emissions. This method is the most inconvenient way of filling budget revenues. It can lead to the uncontrolled growth of the money supply without corresponding goods and services, exacerbating inflationary pressures and potentially leading to severe socio-economic consequences.

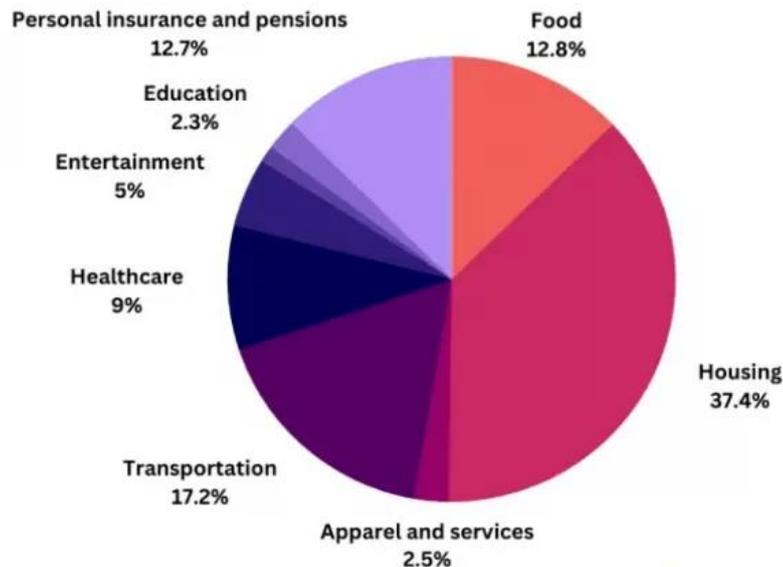
Budget revenues are one of the elements of the general process of distributing and redistributing national internal (domestic) products and have a transitional (transit) character. They are formed as a result of transferring revenues from legal and physical entities and a portion of the public funds to the budget. The material-content part of budget revenues constitutes the financial resources directed towards the state's needs. This financial (budget) category is manifested in various taxes, fees, collections, duties, and allocations that contribute to the budget.

Quantitatively, the revenues of the budget indicate the state's share in the total national internal (domestic) product (national wealth). Their absolute value and proportion reflect the overall volume of the country's national internal (domestic) product (national wealth) or are determined by the political, economic, social, defense, and other tasks facing the state at that time.

In accordance with this, the amount and methods of collecting and allocating funds to the budget are determined. The principles underlying the formation of budget revenues are as follows:

Creating conditions for the independent activity of subjects. This means that a portion of the funds allocated to subjects should not adversely affect their independent development.

Total annual expenditures by major category



The average household income in the United States in 2021 was \$102,316, while the median household income was \$70,784. This discrepancy highlights the income inequality present, as the average is significantly higher than the median, indicating that higher-income households skew the average upward.

Approximately 28% of American households had an income below \$25,000 in 2021. This statistic emphasizes the financial struggles faced by a substantial portion of the population, underscoring the need for targeted economic policies and support programs.

In 2022, 58% of American adults invested in the stock market. This statistic indicates a relatively high level of engagement with financial markets, reflecting both an interest in capital growth and a means of securing financial futures amid economic uncertainties.

Food: \$8,289

Housing: \$22,624

Utilities, fuels, and public services: \$4,158

Transportation: \$10,961

Healthcare: \$5,452

Entertainment: \$3,568

Education: \$1,226

Each group of budget revenues listed above can also be divided into smaller subgroups based on revenue sources, types of payments, and so on. For example, revenues from state enterprises include payments from state enterprises and organizations, income from the sale of state property, and income from services provided by state organizations. Funds coming from the population to the budget may consist of taxes and other voluntary payments. Each subgroup of budget revenues, in turn, consists of specific types of revenues. For example, the revenues transferred to the budget by state enterprises include value-added tax, excise taxes, income (profit) tax, and others. Similarly, revenues from state property consist of customs

revenues, proceeds from the sale of ownerless and confiscated property, unclaimed freight and postal items, and property transferred to the state through inheritance.

Principles Guiding Revenue Allocation: The discussion extends to the principles guiding the allocation of budget revenues. Concepts such as equity, efficiency, adequacy, and stability are analyzed in the context of public finance management.

Literature Review: This section reviews existing literature on budget revenues, encompassing academic research, government publications, and expert analyses. It synthesizes key findings and identifies gaps in current understanding, providing a foundation for the subsequent analysis.

If the coordinated boundaries of state intervention in the distribution process are violated, the entire process of reproduction goes awry. All of this is referred to as restructuring the economy structurally and creating a labor market. If, to prevent social upheavals, the state additionally assumes obligations to support the poor segments of the population, this also indicates the disruption of healthy reproduction processes.

Under conditions of fully replacing the centralized planned system with a market mechanism, it is impossible to maintain the old distribution system. However, in creating a new system, factors such as the state of industrial technology, the structural composition of industry, competitiveness, and other factors must be considered. Copying the systems of other countries is characteristic only of weakly developed countries that do not have their own statehood and science.

Analysis: Drawing on empirical data and theoretical frameworks, this section offers a detailed analysis of budget revenues. It examines trends in revenue generation, assesses the effectiveness of taxation policies, and evaluates the adherence to principles in revenue allocation.

The ratio between the consumption fund and the accumulation fund, as well as their natural volume, determines the growth rate of the state under market economy conditions. If the state takes a large portion of primary incomes in the form of taxes, it can hinder the development of the economy. Here, everything depends on the characteristics of the state as a governing body—its expenditures may be excessive (referring to the costs of financing the state apparatus), inefficient (part of the expenditures on the economy), or misplaced (social sector expenditures may be overly expensive and do not stimulate the reproduction of the workforce). If the state takes more than 30% of the GDP in the form of taxes, then there may not be enough internal reserves for economic growth and modernization. Of course, the tax withdrawal rate can exceed 30%.

Socio-economic systems differ from one another based on production relations. In turn, new production relations arise from the level of development of productive forces. The state structure must also align with new production relations. However, these changes may not occur in the same sequence and continuity in every state. Nevertheless, the general law governing this process is not dependent on specific circumstances. Each social formation, and accordingly the state within that system, corresponds to a certain financial structure.

Conclusion: In conclusion, this article underscores the importance of comprehending budget revenues in the realm of fiscal policy and public finance. By elucidating their composition, formation, and guiding principles, it provides valuable insights for policymakers and stakeholders striving for effective budget management and socioeconomic development.



The financial structure of a state is a critical component that reflects and influences its socio-economic system. Understanding budget revenues, their sources, and the principles of their formation is essential for grasping the broader economic context. The analysis reveals that the economic health of a country is intricately linked to how revenues are generated, distributed, and utilized.

In market economies, the balance between the consumption fund and the accumulation fund, along with their natural volumes, significantly affects the state's growth rate. Excessive taxation can stifle economic development by reducing the resources available for investment and modernization. Therefore, the state's fiscal policies must strike a delicate balance to support economic growth while ensuring adequate social and public services.

The role of the state in the distribution process is crucial. While interventions are necessary to support vulnerable populations and maintain social stability, excessive or inefficient spending can disrupt healthy economic processes. The transition from a centrally planned system to a market mechanism requires careful consideration of industrial technology, structural composition, and competitiveness to create a robust and adaptive financial structure.

Furthermore, the differentiation of finance across various socio-economic systems is driven by the nature of production relations and the level of development of productive forces. Each system requires a financial structure that supports its unique characteristics and developmental goals. As such, copying financial systems from other countries without considering local contexts and developmental stages may not be effective.

In conclusion, a well-designed financial structure that aligns with the state's socio-economic framework is pivotal for sustainable development. It requires a careful balance of revenue collection, efficient allocation, and strategic expenditure to foster economic growth, social stability, and overall national prosperity.

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