



IN THE STATE BUDGET IN THE FINANCIAL LEGAL REGULATION OF UZBEKISTAN: MACROECONOMIC FORECASTS AND DEVELOPMENT PROSPECTS

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ABSTRACT	KEYWORDS
<p>This article provides an in-depth analysis of Uzbekistan's state budget planning process for 2025. The article discusses key macroeconomic projections, including an expected 6 percent growth in the state budget. Gross domestic product (GDP) is driven by industry, agriculture, and services. The government's approach to the budget is consistent with the "Uzbekistan - 2030" strategy and is aimed at ensuring sustainable economic growth, tax reform, and budget transparency. Key policies include keeping the consolidated budget deficit below 3 percent of GDP, improving the tax base, and gradually aligning tax and budget policies with World Trade Organization (WTO) standards. The article also discusses the importance of public participation in budget planning, ensuring environmental sustainability, and implementing the principles of "green budgeting." Through these efforts, Uzbekistan aims to ensure financial stability and long-term economic development.</p>	<p>State budget, financial regulation, macroeconomic forecasts, Uzbekistan, GDP growth, tax reform, budget deficit, "Uzbekistan-2030", fiscal policy, sustainable development.</p>

Introduction

The financial and legal regulation of the state budget in Uzbekistan plays a crucial role in ensuring the country's economic stability and growth. As Uzbekistan continues its development under the framework of the "Uzbekistan-2030" strategy, the state budget serves as a fundamental tool for achieving macroeconomic goals such as sustainable GDP growth, reducing the budget deficit, and improving public sector efficiency.[1] Effective financial regulation involves a detailed and systematic process, encompassing fiscal policy, tax reforms, and the management of public debt, which are crucial for maintaining a balanced state budget.[2]

Macroeconomic forecasts are integral to the development of the state budget, providing key insights into expected economic growth, inflation rates, and sectoral performance. For instance, the forecasted 6% GDP growth in 2025, driven by advancements in industry, agriculture, and services, forms the

backbone of budgetary planning. The government's efforts to manage tax policy reforms, increase revenue sources, and improve the overall financial ecosystem align with these forecasts.

Legal regulation of the budget ensures that all financial activities, including budget allocations, expenditure controls, and revenue generation, are in line with national laws and international standards. The government's commitment to aligning the state budget with the principles of fiscal responsibility, environmental sustainability, and economic inclusivity is reflected in their efforts to modernize fiscal mechanisms.

In this article, we will explore the macroeconomic forecasts, key financial regulations, and the legal framework surrounding the state budget of Uzbekistan. We will also analyze the development prospects and the potential challenges Uzbekistan faces in balancing growth with fiscal discipline. By understanding these components, we can assess the long-term sustainability and impact of the state budget on Uzbekistan's economic trajectory.[3]

ANALYTICAL RESULT

The results of Uzbekistan's financial and legal regulation of its state budget, guided by macroeconomic forecasts, demonstrate a positive trend toward economic growth and fiscal stability. The 2025 state budget is projected to support a 6% GDP increase, with key sectors such as industry and services leading the growth. The legal framework ensures fiscal discipline by setting clear tax policies and budgetary guidelines. The government's efforts to increase revenue sources, manage public debt responsibly, and invest in sustainable development projects reflect in the budget's alignment with national development goals and international financial standards. Challenges remain, particularly in maintaining balance between growth and fiscal responsibility. As a result of our research, we will analyze the topic in more depth.

A press conference dedicated to the draft law "on the state budget of the Republic of Uzbekistan " and the budget was held for 2025.

On October 29 of this year, a press conference dedicated to the draft law of the Republic of Uzbekistan "on the state budget of the Republic of Uzbekistan for 2025" and the budget was held at the information and Mass Communications Agency.

A draft law of the Republic of Uzbekistan "on the state budget for 2025" was introduced to the committees of the Legislative Assembly of the Republic of Uzbekistan, as well as a budget.

The draft law of the Republic of Uzbekistan "on the state budget of the Republic of Uzbekistan for 2025" consists of 17 articles and 10 annexes.

The draft state budget for 2025 and the budget for 2026-2027 are developed on the basis of the forecast of the main macroeconomic indicators.

In particular, a 6% increase in gross domestic product was projected in 2025. The projected growth rates of GDP are projected to be due to an increase of 6.1 percent in industrial production, 4.1 percent in agriculture, and 14.5 percent in market services.

It is intended to achieve these development indicators by qualitatively continuing the structural reforms initiated in each area.

The forecast parameters of the state budget for the medium term and the draft budget for 2025 are developed in harmony with the goals set in the Uzbekistan – 2030 strategy, that is, based on the task of their implementation.

The main directions of tax-budget policy in the medium term:

Not to increase the consolidated budget deficit by more than 3% compared to GDP in 2025-2027;

Maintaining basic tax rates in the medium term without changing;

Expansion of the budget income base, revision and phase-out of the given tax, customs benefits depending on the effect and the result given;

Step-by-step harmonization of tax and budget policies with the requirements of the World Trade Organization;

To take all measures so that the public debt does not exceed the macroeconomic safe level of 60 percent in relation to the gross domestic product, in which in the medium term it is not to exceed 50 percent in relation to GDP;

Step-by-step full-fledged implementation of the "result-oriented budget" system in the formation of the annual budget;

Increasing wages and pension amounts by no less than inflation;

Ensuring budget openness as well as further increasing the participation of citizens in the formation of the budget;

Improvement and strengthening of internal control and internal audit in the public sector;

Reflection of National Sustainable Development Goals in the preparation and review of the draft state budget;

Step-by-step implementation of the principles of "green budgeting";

ensuring the priority of environmental and nature protection, climate change adaptation measures, measures to reduce water consumption and promote economy use;

A complete revision of the structure of budget expenditures together with international experts.

Based on these goals and directions, state budget revenues for 2025 are set at ₹ 308.5 trillion and expenditures at ₹ 344.6 trillion (Annex 1 of the bill).

Revenues of State target funds (excluding Inter-budgetary transfers) are planned at the rate of 66.5 trillion so'm, and expenses at the rate of 117.2 trillion so'm. In this case, the allocation of transfers of Rs 54.4 trillion from the Republican budget of the Republic of Uzbekistan to state target funds is established (Annex 3 of the draft law).

In particular, it is planned to allocate a transfer from the state budget to the amount of 18.5 trillion so'm with non-budgetary pension fund revenues of 58.9 trillion so'm, expenses of 74.9 trillion so'm (position 3 of Annex 3 of the bill).

In order to increase budget coverage and ensure completeness in accordance with the international standards of Public Finance Management, as of 2021, the planned expenditures on public programs at the expense of external debt have been included in the consolidated budget. In 2025, these costs are projected to be Rs 18.8 trillion (Annex 1 of the bill).

Taking into account the above, the upper limit of the deficit of the consolidated budget of the Republic of Uzbekistan for 2025 (including the state budget, state target funds, the Fund for Reconstruction and development, expenses associated with the implementation of state programs at the expense of external debt) is set at 3% or 49.3 trillion so'm per gross domestic product.

In this case, the budgets of the state budget and state target funds are planned with a deficit of 32.4 trillion so'm or 2% on the projected GDP (Appendix 1 of the bill).

The deficit of the state budget and state target funds is compensated by the involvement of State Domestic and foreign debts, funds from the privatization of state assets and other resources.

The expenditures of the Republican budget of the Republic of Uzbekistan are approved in Annex 5 of the draft law in the cross section of 60 first-class budgetary allocators (ministries and departments).

In this case, in order to ensure the harmony of state programs with planned state expenditures, to strengthen public and parliamentary control over their implementation, the bill specifically states the funds allocated for state programs in the budget of allocators of First-Class budgetary funds.

For example, among the current expenses of the Ministry of preschool and school education of the Republic of Uzbekistan, 11 are listed, 23 are allocated in the Ministry of Health, 17 are allocated in the Ministry of Agriculture, 10 are allocated for state programs and events in separate lines.

The budget of the Republic of Karakalpakstan, the income and expenses of the local budgets of the regions and the city of Tashkent are being adopted for information in accordance with Appendix 6 of the draft law.

In accordance with Article 27 of the Budget code of the Republic of Uzbekistan, the costs of local budgets are formed independently by the Council of Ministers of the Republic of Karakalpakstan, the regions and Tashkent City Halls in the cross section of allocators of the funds of the khudy budget, and are approved, respectively, by the Jogorgi Kengesi of the Republic of Karakalpakstan,

According to annex 7 of the bill, Inter-budgetary transfers of 18.4 trillion rubles of the Republican budget are being transferred to the budget of the Republic of Karakalpakstan, local budgets of Regions and Tashkent City.

Due to the fact that the upper limit of the consolidated budget deficit in 2025 is set at 3 percent, the limited volume of new annual signable agreements for attracting foreign debt is US \$ 5.5 billion, of which in support of the state budget-3 billion. US dollar, for financing investment projects-2.5 billion. US dollars are being set.

Also, in order to diversify the portfolio of public debt and reduce foreign exchange risks, it is planned to set a limited net size of state securities issued on behalf of the Republic of Uzbekistan for 2025 at the rate of 30 trillion soums.

In addition, in order to reduce the risks to the state budget, the upper limit of the value of new projects to be signed on the basis of all public-private partnership principles that require the issuance of State-accepted obligations (purchase or payment) and letters of approval is set at US \$ 6.5 billion.

Section 12 of the Act sets out the sources of income of local budgets, as in previous years. Including: property and land tax from individuals, income tax from individuals paid by individuals based on the annual income declaration from renting out property, as well as income tax from individuals paid by individual entrepreneurs, tax on the use of Water Resources, tax on the use of the subsoil on non-building materials, tax on turnover, in addition to large taxpayers, at least 50% of income tax revenues from property and land taxes of legal entities and income tax from individuals, as well as revenues from the rental of state assets to the budgets of districts and cities;

property and land taxes from large taxpayer legal entities, excise taxes on the realization of gasoline, diesel fuel and gas to final consumers, as well as other types of taxes of this kind are transferred in full to the Republican budget of the Republic of Karakalpakstan, regional budgets of the regions and the city budget of the city of Tashkent.

In this case, the right to distribute taxes and other types of income, as well as Inter-budgetary transfers, which are allocated to local budgets of the relevant level by the Jogorgi Kengesi of the Republic of Karakalpakstan, the regions of people's deputies, the councils of the Tashkent City, is maintained.

The revenues of the Republican budget are confirmed by Appendix 4. In particular, the income in terms of Value Added Tax is projected to be 71.8 trillion so'm (expected execution in 2024 – 60.7 trillion so'm).

According to Article 13 of the draft law, the specifics of the implementation of the expenditures of the state budget of the Republic of Uzbekistan in 2025 are established. Including:

the costs of paying child benefits and material assistance to low-income families, maintaining system organizations of the National Agency for Social Protection (children's and orphanages, sectors of work with minors and Family Children's homes), water management organizations are leaving the procedure for financing from the Republican budget unchanged.[4]

It is also established that the costs of construction and repair and equipment of preschool educational and general educational organizations and specialized schools of the Republic of Karakalpakstan, regions and Tashkent City will be financed from the Republican budget of the Republic of Uzbekistan. Also, Table 1 reflects the volume of total per capita income in the cross-section of the regions of the Republic of Uzbekistan in 2020-2023.

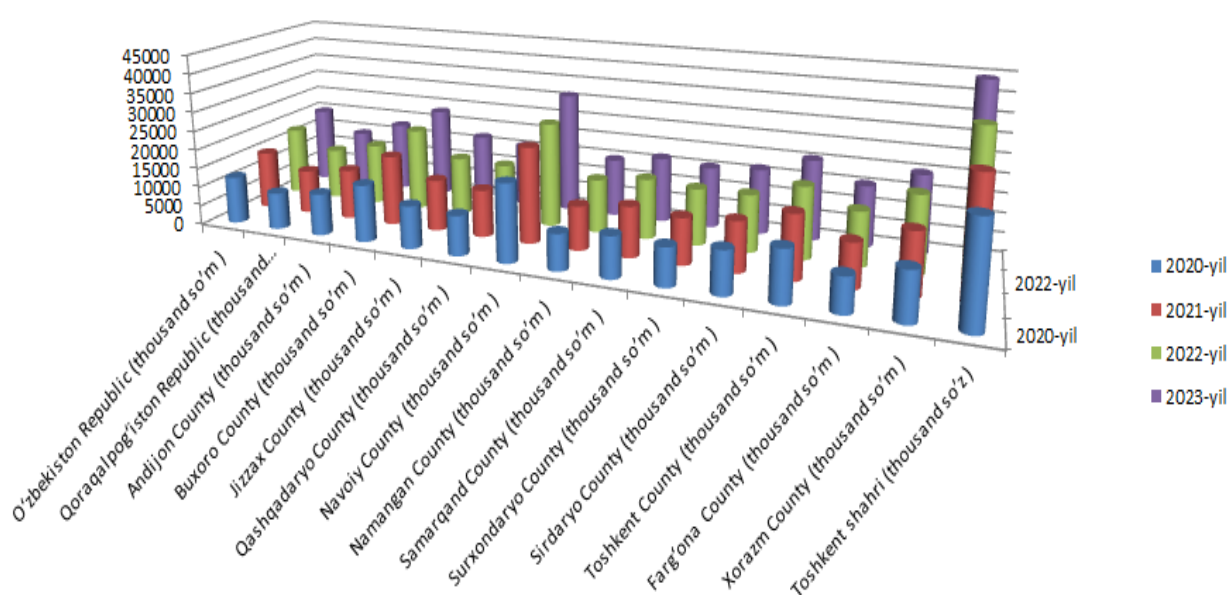
Table 1: the volume of total per capita income in the cross section of the regions of the Republic of Uzbekistan

T/R	Regions	2020	2021	2022	2023
1	O'zbekiston Republic (thousand so'm)	12122,2	14869,8	17772,8	20015,9
2	Qoraqalpog'iston Republic (thousand so'm)	9436,6	11286,5	13266,1	14570,7
3	Andijon County (thousand so'm)	10765,9	12946,1	15910,1	18257
4	Buxoro County (thousand so'm)	14675,5	18133,4	21470,5	23480,3
5	Jizzax County (thousand so'm)	10951,7	13244	15090,6	17326,2
6	Qashqadaryo County (thousand so'm)	10199	12180,8	14610,8	16095,1
7	Navoiy County (thousand so'm)	19922,5	24765	27129,1	31445,6
8	Namangan County (thousand so'm)	9258,8	11353,5	13782,5	15070,6
9	Samarqand County (thousand so'm)	10522,8	12919	15437,1	16886,8
10	Surxondaryo County (thousand so'm)	9745	11824,1	14520,4	15811,6
11	Sirdaryo County (thousand so'm)	10938,3	12794,6	14635,8	16808,3
12	Toshkent County (thousand so'm)	13129,4	16260	18319,2	20730,2
13	Farg'ona County (thousand so'm)	8853,5	11276,9	13844,4	15716,5
14	Xorazm County (thousand so'm)	12270,6	15756,4	19541,5	20076,6
15	Toshkent shahri (thousand so'z)	25543,6	30511,1	37079,7	44427,9

When analyzing Table 1, it is seen that in the period from 2020 to 2023, a constant increase in total income is indicated. Revenue for the Republic was 12,122.2 thousand in 2020, while in 2023 it was 20,015. 9 thousand.

The highest revenue by region is recorded in Tashkent City, which has increased from 25,543.6 thousand so'm in 2020 to 44,427.9 thousand so'm in 2023. The lowest was 8,853.5 thousand in Fergana County in 2020 and 15,716.5 thousand in 2023. Navoi County is also characterized by high growth rates, with revenue volumes rising from 19,922.5 thousand so'm in 2020 to 31,445.6 thousand so'm in 2023.[5]

The table above reflects the continuation of economic growth in all regions and significant differences in income in the cross section of Regions. At the same time, the city of Tashkent and the city of Navoi are distinguished by the highest income indicators. This indicates the need to take into account various factors affecting the economic development of the regions. In diagram 1 below, we can see dramas in the cross section of regions more earmarked, and through the budget project above, the development of the regions



DISCUSSION

The discussion on the financial and legal regulation of Uzbekistan's state budget centers on the country's macroeconomic forecasts and its strategic development prospects. The government's focus on achieving a 6% GDP growth in 2025, primarily driven by industrial and service sectors, highlights the importance of targeted investments and structural reforms. While the legal framework provides stability through clear tax policies and budgetary regulations, challenges remain, particularly in balancing fiscal discipline with economic growth objectives.[6] The budget prioritizes essential areas such as infrastructure development, public services, and environmental sustainability, reflecting alignment with the national "Uzbekistan – 2030" strategy. However, the execution of these plans depends on the effective management of public debt, with the state ensuring it does not exceed 50% of GDP. Additionally, while budget transparency is emphasized, the gradual implementation of results-based budgeting and green budgeting principles will play a key role in ensuring long-term sustainability.[7]

CONCLUSION

Uzbekistan's financial and legal framework for state budget regulation demonstrates a commitment to fostering sustainable economic growth while ensuring fiscal discipline. The 2025 state budget, aligned with macroeconomic forecasts and the "Uzbekistan-2030" strategy, emphasizes balanced development through prudent management of public finances and targeted investments. Key policy directions, such as maintaining a budget deficit under 3% of GDP, stabilizing public debt within safe limits, and implementing "green budgeting" principles, reflect the government's forward-looking approach.

The projected 6% GDP growth for 2025, driven by industrial, agricultural, and service sector expansions, underscores the effectiveness of these measures. Additionally, the budget's focus on inclusivity, transparency, and public participation enhances its alignment with global best practices. However, the need to optimize tax policies, phase out inefficient subsidies, and strengthen institutional capacity remains critical for sustaining progress.[8]

By integrating fiscal policies with environmental and social objectives, Uzbekistan's budget regulation sets a precedent for balancing economic advancement with societal well-being. As the nation continues to refine its macroeconomic policies, it holds the potential to achieve robust and inclusive development. These strategies are pivotal not only for meeting short-term targets but also for laying a solid foundation for long-term economic resilience and prosperity.

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