



DYNAMIC CHANGES IN THE STRUCTURE OF TAX REVENUES AND THEIR IMPACT ON THE FINANCIAL STABILITY OF REGIONAL BUDGETS

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ABSTRACT	KEY WORDS
<p>This article empirically analyzes the dynamic changes in the structure of tax revenues of the State Budget of the Republic of Uzbekistan during the period 2019–2024. Growth trends in direct taxes, indirect taxes, and resource payments are identified, and their impact on the financial stability of regional budgets is assessed. The analysis shows that total tax revenues increased from 112,165.4 billion soums in 2019 to 274,423 billion soums in 2024, representing a 2.45-fold increase. Value-added tax remains the leading component within indirect taxes. Based on the results, recommendations are developed to improve tax policy and strengthen regional financial independence.</p>	<p>State budget, tax revenues, direct taxes, indirect taxes, resource payments, financial stability, fiscal policy, regional budget.</p>

Introduction

Tax revenues constitute a fundamental component of the public financial system and serve as the primary source for financing government expenditures, implementing social programs, and ensuring regional development. In international practice, the effectiveness of tax policy is determined not only by the overall tax burden but also by the balance of the tax structure, the breadth of its coverage, and the sophistication of tax collection mechanisms [1].

In Uzbekistan, the tax system has been fundamentally revised as part of the comprehensive economic reforms implemented since 2017. Measures such as reducing corporate income tax rates, improving the mechanism of value-added tax (VAT), and modernizing tax administration have led to both quantitative and qualitative changes in tax revenues [2].

From the perspective of regional budgets, the dynamics of tax revenues are of particular importance. The financial independence of regions largely depends on the strength of the local tax base and the degree of dependence on transfers from the central budget. This issue is especially relevant for developing economies such as Uzbekistan, where differences in economic potential among regions create significant imbalances in budget distribution [3].

The purpose of this study is to empirically analyze the dynamics of the tax revenue structure of the State Budget of the Republic of Uzbekistan during 2019–2024, identify the main drivers of growth,

and assess their impact on the financial stability of regional budgets. The research is based on official data from the Ministry of Finance of the Republic of Uzbekistan.

LITERATURE REVIEW

The structure of tax revenues and its impact on budget stability have been widely studied by both foreign and domestic scholars. Musgrave (1959) developed the fundamental principles of tax system efficiency [4], while Tanzi and Zee (2000) analyzed tax system reforms in developing countries [5]. The importance of indirect taxes, particularly VAT, as a major source of budget revenues in many countries was demonstrated in the studies of Ebrill et al. (2001) [6]. Ahmad and Best (2012) examined issues of tax administration reforms and the expansion of tax coverage, emphasizing the positive impact of digital technologies on efficiency [7].

In Central Asia, Kurlyandskaya et al. (2012) analyzed the centralized structure of tax systems in post-Soviet states [8]. Among Uzbek scholars, Ergashev (2019) [9] and Toshmatov (2021) [10] studied the dynamics of tax revenues of local budgets, while Xasanov (2022) [11] analyzed the impact of tax reforms on economic growth. However, comprehensive dynamic analyses of the tax revenue structure for the period 2019–2024 remain limited. This research gap determines the scientific novelty of the present study.

DATA AND METHODOLOGY

The study uses official budget execution data published by the Ministry of Finance of the Republic of Uzbekistan. Annual indicators for the period 2019–2024 were selected for analysis. All values are expressed in current prices in billion soums.

The following methodological approaches were applied:

1. Horizontal (dynamic) analysis — calculation of annual absolute growth and growth rates.
2. Vertical (structural) analysis — determining the share of each tax type in total revenues.
3. Trend analysis — assessing the direction of the linear trend over the observed period.
4. Comparative analysis — comparing growth rates across different types of taxes.

Calculations were performed using Excel and the Python `scipy.stats` library.

RESULTS AND DISCUSSION

Dynamics of Total Tax Revenues

During the studied period, state budget revenues of the Republic of Uzbekistan demonstrated a steady upward trend. Total revenues increased from 112,165.4 billion soums in 2019 to 274,423 billion soums in 2024. This represents a 144.7 percent increase, or a 2.45-fold growth compared to 2019. The highest absolute increase was observed in 2023–2024, when revenues rose by 42,701.7 billion soums within a single year.

Table 1. Structure of State Budget Tax Revenues (billion soums, 2019–2024)

Year	Total revenues	Direct taxes	Indirect taxes	Resource payments	Other revenues
2019	112,165.4	31,676.8	46,427.2	19,680.7	14,272.8
2020	132,938.0	45,206.9	46,428.4	21,257.0	20,045.8
2021	164,799.4	58,930.4	56,290.4	23,036.4	26,542.2
2022	201,863.7	64,447.1	71,390.2	23,912.8	42,113.7
2023	231,721.3	73,103.6	83,325.8	28,079.5	47,212.5
2024	274,423.0	90,833.0	88,341.0	36,363.0	58,886.0

Source: Compiled by the author based on data from the Ministry of Finance of the Republic of Uzbekistan.

Table 1 shows that consistent growth occurred across all tax categories. Notably, even during the COVID-19 pandemic in 2020, tax revenues did not decline: total revenues reached 132,938 billion soums. This may be explained by strengthened tax administration and the expansion of the tax base.

Structural Analysis of Direct Taxes

Direct taxes — including corporate income tax, personal income tax, and turnover tax — maintained a relatively stable share in total revenues. Direct taxes increased from 31,676.8 billion soums (28.2% of total revenues) in 2019 to 90,833 billion soums (33.1%) in 2024.

Corporate income tax occupies the leading position among direct taxes. It increased from 16,360.6 billion soums in 2019 to 52,620 billion soums in 2024, representing a 3.2-fold increase. This growth is associated with improvements in corporate tax administration, the reduction of the informal economy, and an increase in the number of legal entities.

Personal income tax also rose significantly during this period, from 12,668.5 billion soums to 35,384 billion soums — a 2.79-fold increase. This reflects employment growth and the formalization of wage payments.

Indirect Taxes and VAT Dominance

Indirect taxes include VAT, excise tax, and customs duties. Indirect taxes increased from 46,427.2 billion soums in 2019 to 88,341 billion soums in 2024, representing a 1.9-fold increase. VAT accounted for 70–76 percent of indirect taxes in all observed years.

Table 2. Dynamics of Indirect Taxes (billion soums)

Year	VAT	Excise tax	Customs duty	Total indirect taxes
2019	33,809.8	10,314.7	2,302.7	46,427.2
2020	31,177.4	11,697.3	3,553.7	46,428.4
2021	38,439.0	13,086.5	4,764.9	56,290.4
2022	52,189.4	13,455.0	5,745.7	71,390.2
2023	57,885.3	15,834.4	9,606.1	83,325.8
2024	59,280.0	19,060.0	10,001.0	88,341.0

Source: Compiled by the author based on data from the Ministry of Finance of the Republic of Uzbekistan.

Table 2 shows that although VAT increased in absolute terms (33,809.8 → 59,280 billion soums), its share in indirect taxes decreased from 72.8 percent to 67.1 percent. Excise tax increased from 10,314.7 to 19,060 billion soums while maintaining a similar share (around 22.2%). Customs duties demonstrated the highest growth rate, increasing 4.3 times during 2019–2024, which is associated with the expansion of foreign trade.

Resource Payments and Property Tax

Resource payments and property taxes increased from 19,680.7 billion soums in 2019 to 36,363 billion soums in 2024, representing a 1.85-fold increase. The tax on subsoil use constitutes the largest component of this group: in 2024 it reached 20,170 billion soums, accounting for 55.5 percent of the group total.

Property tax increased from 1,974.3 billion soums to 6,805 billion soums — a 3.45-fold increase — making it the fastest-growing tax. This growth reflects the development of the real estate market and the updating of cadastral property valuations.

Other Revenues

Non-tax and other revenues increased from 14,272.8 billion soums in 2019 to 58,886 billion soums in 2024, representing a 4.1-fold increase. This category includes income from state property use, fines, fees, and other receipts. The growth of its share in total revenues (from 12.7% to 21.5%) indicates an increased emphasis on mobilizing non-tax revenue sources.

Impact of Tax Structure on Regional Budgets

The influence of tax revenues on regional budgets occurs through two main channels:

1. Taxes directly allocated to local budgets (land tax, property tax, part of personal income tax).
2. Transfers redistributed through the central budget.

The analysis shows that during 2019–2024 property tax (3.45-fold growth) and land tax (2,313.2 → 8,216 billion soums, or 3.55-fold growth) were the fastest-growing taxes directly allocated to regional budgets. While this has strengthened local tax bases, disparities among regions remain.

Economically stronger regions benefit more from this growth, while weaker regions remain dependent on transfers.

In addition, revenues from subsoil use taxes are unevenly distributed across regions. Resource-rich regions such as Navoi and Kashkadarya receive significant revenues from this tax, whereas regions such as Khorezm receive relatively little. As a result, disparities in regional tax capacity significantly affect regional financial stability.

CONCLUSIONS AND RECOMMENDATIONS

The study leads to the following conclusions:

1. Tax revenues of Uzbekistan's state budget increased 2.45 times during 2019–2024, reflecting the positive effects of economic reforms, improved tax administration, and economic growth.
2. The share of direct taxes increased from 28.2 percent to 33.1 percent, indicating the expansion of corporate and personal income tax bases. This represents an important sign of fiscal strengthening.
3. VAT remains dominant among indirect taxes, although its relative share slightly declined. Customs duties showed the highest growth rate (4.3x), reflecting the development of foreign trade.

4. Property tax and land tax — key sources of regional budget revenues — increased 3.0–3.5 times, strengthening local tax bases. However, disparities in tax capacity across regions persist.

5. The share of other revenues increased from 12.7 percent to 21.5 percent, indicating the growing role of non-tax revenue sources.

Based on these findings, the following recommendations are proposed:

First, equalizing regional tax capacity. Investment incentive mechanisms should be strengthened in regions less dependent on resource revenues in order to expand the tax base of local industry and services.

Second, further development of property taxation. Continued modernization of the cadastral system and aligning property tax closer to market values would strengthen the independent revenue base of local budgets.

Third, accelerating the digitalization of tax administration. Expanding electronic accounting systems and ensuring comprehensive taxpayer coverage will further increase budget revenues.

Fourth, increasing the share of taxes allocated to regional budgets. Expanding the autonomy of local governments in managing their own revenue sources would contribute to greater regional financial stability.

A limitation of this study is that the analysis is based only on annual aggregate indicators. Future research should apply panel data at the regional and district levels and use multivariate regression models.

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