

## FORECASTING TAX REVENUES TO THE BUDGET AS A FACTOR IN THE EFFECTIVE MANAGEMENT OF PUBLIC FINANCE

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Forecasting and planning tax and levy receipts is one of the most effective management functions of the state in a market economy. Forecasting and planning issues are important in connection with the need to improve the tax process.

Planning tax revenue:

- is based on a scientifically grounded concept of building the budgetary and tax systems of the state, including the delineation of tax powers and revenue sources between the authorities and management of various levels, as well as the determination of specific proportions of distribution of taxes between budgets;
- is subordinated to the implementation of the state tax policy, which determines the organizational and legal principles of the functioning of the taxation system and the directions of transforming the mechanisms for calculating specific taxes;
- includes directly calculations of specific amounts - contingents of taxes and fees mobilized in a given territory, providing economically justified qualitative and quantitative parameters of budget tax revenues;
- has unified fundamental methodological approaches to planning tax revenues for the corresponding levels of the budget system.

In many countries with a stably functioning tax system, the methodological support of the planning of tax revenues is based on economic forecasts using a perfect mathematical apparatus.

It should be emphasized that in recent years, the Federal Tax Service of Russia, its territorial structures have been developing and introducing into practice a methodology for planning tax revenues, based on a more thorough preparation of the information base, the use of multivariate designs that take into account numerous factors affecting the size of tax revenues, including the assessment influence on receipts of changes made to tax legislation, assessment of tax potential.

Tax planning uses various methods, each of which, one way or another, takes into account the following points:



- background level of tax revenues;
- seasonal changes in tax revenue;
- event component (for example, events in the development of the political situation, changes in tax legislation, etc.);
- unaccounted for factors.

**The deterministic method** assumes an established dependence of the predicted value with known variables. This method can also be called an index method, since it involves the widespread use of a system of various macroeconomic deflator indices when calculating the forecast of tax revenues. Due to its simplicity and information flexibility, this is the most relevant method for forecasting the budgets of territories. However, this method presupposes a refusal to forecast complex phenomena, such as tax benefits, tax arrears, concealment of the tax base, etc. Tax losses as a result of the impact of these phenomena under this method are determined as a fixed value to the volume of tax revenues. To take into account the impact of various changes in tax and budget legislation on the volume of tax revenues, correction factors are introduced.

**The econometric method** is based on the principles of economic theory and statistics, allows you to consider the simultaneous change in several variables that affect tax revenues. The forecast results based on this method can be analyzed using statistical methods. The advantage of this method is the ability to determine the statistical significance of the considered relationships between different variables. This method is suitable for budget indicators that are most sensitive to changes in economic conditions. The main disadvantage of this method is its high cost.

**Mathematical modeling consists** in constructing an integrated model of the economy of the territory, taking into account the economic relations between the decisions of the most important groups of economic entities (industry and services). This method allows you to take into account many interrelated factors affecting tax revenues, choose from several options for the draft budget that is most consistent with the accepted concept of socio-economic development of the region and the goals of budget policy. The advantage of modeling is that when planning tax revenues, a scenario approach can be used, where the uncertainty of the future conditions of economic development is disclosed through the use of a set of given assumptions that make up the content of the scenario (optimistic or pessimistic).



**The trend method or extrapolation** (the continuation in the future of those trends that have developed in the past) is the simplest forecasting tool that assumes constant correlation of the values of the studied quantity over time, i.e. makes the inertial component of economic development absolute, assuming that changes in the future are predetermined by changes in the past and present.

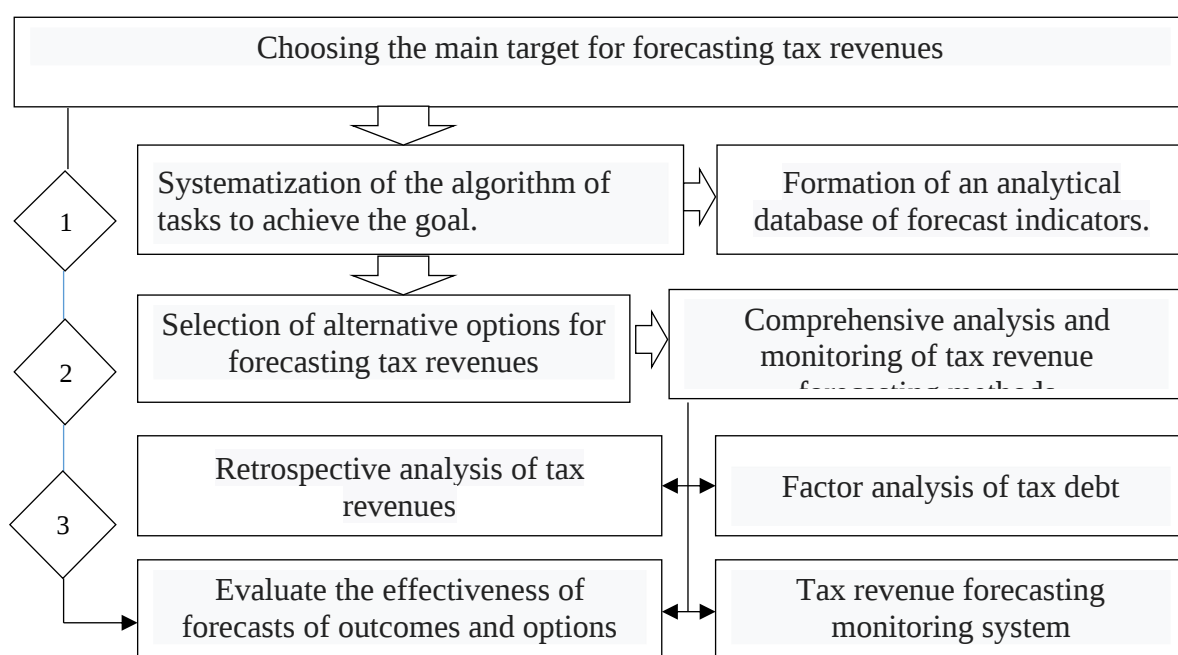
To assess the activities of the tax inspectorate in mobilizing tax revenues to the budget system, taking into account the impact of tax arrears, it is necessary to apply a specific methodology, which will include analysis, forecasting and planning of these indicators. In this case, the methodology for planning and forecasting tax revenues, taking into account the impact of tax arrears and fees, includes:

analysis of the actual indicators of the current period and their comparison with the planned ones;

forecast of income of taxes and fees, taking into account the impact of debt;

planning the activities of the inspectorate to mobilize tax revenues to the budget.

Figure 1 shows a diagram of sequential actions for the implementation of the planning and forecasting methodology.



**Figure 1. Steps defining the tax planning process**

**At the first stage,** the level of decisions made is determined, the goals of the forecasts are formulated, and the means of achieving the set goals are determined. Further, the necessary forecasting parameters are determined: goals, means of

achieving goals, etc. Along with the economic goals of the region, goals of a social nature can be formed: reducing the unemployment rate, improving the education system, improving working conditions.

**The second stage** of the methodology is directly forecasting tax revenues to the budget system.

When implementing this procedure, it is preferable to use a top-down forecasting approach. When implementing this approach, the higher-level subsystems send control signals to the subsystems located at the lower levels of the hierarchy. At the highest predictable level of analysis, the main parameters of forecasting are determined: goals, means of achieving goals, analysis criteria.

As a result of determining the main prediction parameters for the highest level of analysis, control signals are generated for the subsystems at the lower prediction levels. The following can be used as control signals: financial resources, regulatory materials, methodological recommendations, decisions of authorities, etc.

To forecast tax revenues, it is proposed to use the methods of correlation and regression analysis. Application of these methods is especially effective for the purposes of short-term and medium-term tax planning.

**At the third stage**, the field of influence of tactical and operational tax planning is formed, aimed mainly at defining current goals and measures for implementing tax policy.

Operational tax planning is carried out by the Ministry of Finance of the Republic of Uzbekistan and the Tax Committee of the Republic of Uzbekistan.

The planning of the activity of the inspectorate for the mobilization of tax revenues includes the analysis and assessment of tax revenues, taking into account the tax arrears and fees; proposing measures to reduce taxpayer debt.

At this stage, the role of tax administration is increasing. This takes into account the socio-economic situation of the planned territorial entity, which could lead to shifts in tax receipts.

In conclusion, it should be noted that forecasting tax revenues depends on the optimal choice of certain types of taxes and the corresponding methods for forecasting them, as well as forecasting tools.

