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# TAX SOURCES IN THE TAX SYSTEM: LOCAL AND FOREIGN EXPERIENCE

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The tax system is a fundamental component of any country's financial system, and its stable functioning depends on the proper formation and effective distribution of tax sources. In the context of the national economy, tax sources constitute the main part of state budget revenues and, along with ensuring fiscal stability, perform the function of regulating and stimulating economic processes. From this perspective, the structure, stability, and diversification of tax sources are of particular scientific importance.

In the current global economic environment, countries are implementing reforms aimed at expanding tax sources and ensuring their sustainability. In particular, economic diversification, digitalization, and the expansion of cross-border economic activity require a reassessment of tax sources. Local and foreign experience shows that a balanced structure of tax sources is an important factor in ensuring financial stability.

In this regard, this thesis analyzes the theoretical foundations of tax sources within the tax system, their features in local and foreign practice, and directions for their effective organization.

It should be emphasized that the data in Table 1 demonstrate that during the process of national economic transformation, the tax system is evolving not only as a tool performing a fiscal function, but also as a strategic institution stimulating economic growth and ensuring macroeconomic stability. However, preventing excessive growth of the tax burden, introducing tax mechanisms that do not restrict economic activity, and improving the investment climate should remain among the priority directions of national economic transformation.

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**Table 1. Structure and Dynamics of Tax Revenues in Uzbekistan (by type of tax, %)**

| Tax Types | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Direct taxes** | 34.8 | 33.9 | 33.2 | 33.0 | 32.7 |
| **Indirect taxes** | 48.0 | 48.7 | 49.5 | 49.8 | 50.1 |
| **Social contributions and others** | 17.2 | 17.4 | 17.3 | 17.2 | 17.2 |
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The data presented in Table 1 show significant structural changes in Uzbekistan's tax system in recent years. In particular, the share of indirect taxes in total tax revenues has steadily increased. While this indicator accounted for 45.8 percent in 2019, it reached 49.5 percent in 2023 and is expected to stabilize around 50 percent in 2024–2025. This can be positively assessed from the perspective of ensuring budget revenue stability, since indirect taxes are considered a relatively stable source compared to fluctuations in economic conditions.

Overall, foreign experience shows that while the increasing share of indirect taxes may ensure short- and medium-term budget stability during economic transformation, in the long term it is necessary to strengthen the regulatory and incentive functions of direct taxes to maintain economic growth and social stability. Therefore, ensuring a balance between direct and indirect taxes, taking into account foreign experience, remains one of the key objectives of Uzbekistan's economic transformation.

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**Table 2. Comparative Analysis of Tax Revenue Structure in Selected Foreign Countries**

| Country | Direct Taxes (%) | Indirect Taxes (%) | Main Feature of the Tax System |
|---|---|---|---|
| **Germany** | 40–45 | 45–50 | Progressive income tax, high social equity |
| **France** | 38–42 | 48–52 | VAT as main source, strong social redistribution |
| **Japan** | 35–38 | 50–55 | Stable VAT, investment and innovation incentives |
| **South Korea** | 34–37 | 50–53 | Export- and technology-oriented tax incentives |
| **Turkey** | 30–33 | 55–60 | Dominance of indirect taxes, focus on budget stability |
| **Kazakhstan** | 32–35 | 50–55 | Natural resource revenues plus indirect taxes |

The comparative data show that in most developed and developing countries, indirect taxes occupy a dominant position in the structure of tax revenues. This approach is effective in ensuring stable budget revenues. However, in countries such as Germany and France, although indirect taxes account for a significant share, direct taxes are organized based on progressive mechanisms to ensure social justice and income redistribution.

The experience of Asian countries, particularly Japan and South Korea, demonstrates that indirect taxes serve as a stable fiscal source, while direct taxes are used to stimulate investment, innovation, and export activity. The experience of Turkey and Kazakhstan reflects a model typical of developing countries, where ensuring budget stability through indirect tax revenues is a priority.

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The conducted analysis confirms that the proper formation and diversification of tax sources are among the main conditions for ensuring financial stability. Local and foreign experience demonstrates that maintaining a balance between direct and indirect taxes, expanding the tax base, and forming sustainable revenue sources have a positive impact on economic development.

From a practical perspective, first, it is advisable to diversify tax sources and integrate new economic sectors into the tax base. Second, it is necessary to regularly monitor the effectiveness of tax sources and review inefficient tax incentives. Third, based on foreign experience, optimizing the structure of tax revenues can harmonize fiscal stability with economic stimulation functions. These measures will contribute to strengthening the tax system and supporting national economic development.

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