**Ibrokhimzoda I.R., Ismatov A.Kh., Yunusov A.Yu.**

**PUBLIC FINANCIAL MANAGEMENT**

**Dushanbe - 2021**

**UDK: 336.12(575.3) (075.8)**

**BBK: 65.011.5**

**I- 14**

Under the general edition: Academician of the International Academy of Transport of the Russian Federation, Doctor of Economics, Professor Ibrokhimzoda I.R.

**Ibrokhimzoda I.R., Ismatov A.Kh., Yunusov A.Yu.** Public finance management: textbook. - Dushanbe. 2021.- 253 p.

Reviewer: Doctor of Economics, Professor Umarov Kh.U.

Doctor of Economics, Professor Shamsov I.S.

Doctor of Economics, Professor Sharipov B.M.

Scientific editor: Academician of the International Academy of Transport of the Russian Federation, Doctor of Economics, Professor Ibrokhimzoda I.R.

 The aim of the textbook is to master the basic methods and principles of public finance management in the Republic of Tajikistan by students. This course contains a collection of lectures on the main areas, such as: public finance, fiscal policy, taxes and taxation, the budget system and its classification, the budget process and its stages, state financial control and audit, public debt management, state social insurance, and also government financial regulation.

This textbook also presents methodological instructions for performing independent work on the course, drawn up in accordance with the program designed for students of economic specialties, and which are an addition to the discipline "Public Finance Management". For each topic, questions for self-control, assignments, tests and tasks are given.

By the decision of the Board of the Ministry of Education and Science of the Republic of Tajikistan No. \_\_\_\_\_\_ date \_\_\_\_ \_\_\_\_\_\_.2021, it was recommended as a textbook for economic specialties.

**ISBN: 978-99985-58-56-4**

**Content:**

**Introduction** …………………………………………………………….……………………… 6

**Topic 1. The role and place of public finance in the financial system of the Republic of Tajikistan**

1.1. The content and main functions of finance in the economy ……………...………………… 8

1.2. The financial system and its elements ……………………………………..……………… 11

1.3. Financial policy and structure of the state financial mechanism ………..………………… 13

1.4. Types of financial policy ..................................... .................................................................20

**Topic 2: Public Financial Management**

2.1. Features of public finance management ……………………………...…………………… 24

2.2. Forms and methods of public finance management ……………………………………… .27

**Topic 3: Public Financial Management Bodies**

3.1. Bodies of public finance of the Republic of Tajikistan …………………………………… 32

3.2. Powers of the Ministry of Finance of the Republic of Tajikistan ………….…………........ 34

3.3. Organization of activities of the Ministry of Finance of the Republic of Tajikistan ............ 42

**Topic 4. Fiscal (fiscal) policy**

4.1. The concept and main provisions of fiscal policy ................................................................ 46

4.2 Types of Fiscal Policy ……………………………………………………………………… 48

**Topic 5: Economic content and functions of taxes**

5.1. The essence and concept of taxes …………………………………….………………… ... 56

5.2. Functions and basic principles of taxation ……………………………..………………… ..58

5.3. Tax classification ………………………………………………………………………….. 60

**Topic 6: Taxation and tax burden sharing**

6.1. Tax burden: its essence and problematic aspects………….……………………………… ..86

6.2. The concept and essence of the Laffer curve ……………………..……………………… 88

6.3. Distribution of the tax burden …………………………………...………………………… 89

**Topic 7. State budget and budgetary system of the Republic of Tajikistan**

7.1. The essence and concept of the state budget ……………………………………………… 94

7.2. The concept of budget classification ……………………………………………………… 98

7.3. Budget deficit and sources of its coverage ……………………………………………… .103

**Topic 8. The system of revenues of the state budget of the Republic of Tajikistan**

8.1. Classification of state budget revenues ……………………………………………..…… .107

8.2. The structure of state budget revenues of the Republic of Tajikistan …………………… 112

**Topic 9. System of expenditures of the state budget of the Republic of Tajikistan**

9.1. Classification of state budget expenditures ……………………………………………… 118

9.2 Budget loan, subsidies, subventions, investments ……………………………...………… 119

9.3. The structure of expenditures of the state budget of the Republic of Tajikistan…. ...…… 121

**Topic 10. Stages and procedures of the budget process**

10.1. The essence and concept of the budgetary process …………………………...……… ... 128

10.2. Stages of the budgetary process …………………………………………………...…… .129

10.3. The procedure for drawing up the draft budgets of the Republic of Tajikistan .................131

10.4. Report on the execution of the state budget of the Republic of Tajikistan ………………139

**Topic 11: System and structure of the treasury of the Republic of Tajikistan**

11.1. System and structure of the treasury of the Republic of Tajikistan ……………...............144

11.2. Single Treasury Accounts ………………………………………………………………..145

11.3. Execution of the republican and local budgets in terms of income ………………….…..146

11.4. Accounting for extrabudgetary funds ……………………………………………...….....150

11.5. Preparation of consolidated financial statements …………………………………...........152

**Topic 12: Public Debt Management of the Republic of Tajikistan**

12.1. The essence and main forms of public debt .......................................................................156

12.2. Public Debt Management ………………………………………………………………...159

12.3. The market for government obligations in industrialized countries ................................. 162

**Topic 13. Macroeconomic equilibrium and state regulation of the economy**

13.1. The role and significance of economic equilibrium ………………….………………… 168

13.2. Theories of Macroeconomic Equilibrium ………………………………………………..169

13.3. State regulation of the economy ……………………………………………………..… .173

**Topic 14. State social insurance and its features in the Republic of Tajikistan**

14.1. The economic essence of insurance ……………………………………….……………. 179

14.2. State social insurance ……………………………………………....…………………… 184

14.3. Financing of state social insurance ……………………………………………………. ..188

**Topic 15: Public finance of the social sphere**

15.1. Social policy in the Republic of Tajikistan and sources of its financing ….......................194

15.2. Financial management in social sectors ………………………………………………….201

15.3. Planning budget expenditures for social purposes ……………………………………….204

15.4. Financing of social sectors …………………………………………………………….....212

**Topic 16. Financial control in the public financial management system of the Republic of Tajikistan**

16.1. The content and significance of state financial control …………………. ……………...217

16.2. State Financial Control Authority in the Republic of Tajikistan ……………………….. 219

16.3. Organization and planning of financial control activities ………………………………. 222

16.4. Accounts Chamber of the Republic of Tajikistan ………………………………………..224

16.5. The content of the audit activity of the Accounts Chamber …………….……………… 227

16.6. Non-state financial control ……………………………………………………………….232

Answers to tests ……………………………………………………………………………..... 239

**Glossary** ……………………………………………………………………………….………240

**Bibliography**……………………………………………………………………………...……252

Introduction

In a market economy, the most important indicator of the welfare of the state, commercial organizations and the country's population is the stability of the financial system and money circulation. Financial results are the end results of the activities of millions of people. The lack of financial resources at the state and enterprise level indicates an economic crisis in society. To overcome it, it is necessary to financially improve the state's economy. At the same time, finance has become the main lever of state regulation of the economy in order to get the country out of the crisis and provide social services to the population.

Thus, management and economic activity in a market economy put forward before all civil servants and participants in the economic process, the requirements for high competence in the field of finance, and especially in assessing the effectiveness of the formation and use of public finance. Knowledge of the discipline "Public Financial Management" is the key to successful work in all areas of state and local government.

In order to improve the efficiency of the public finance system and accelerate the socio-economic development of the Republic of Tajikistan in accordance with the tasks defined in the National Development Strategy for the period up to 2015, in the Strategy for Reforming the Public Administration System for 2006-2015 and in the Strategy for Improving the Welfare of the Population of Tajikistan for 2013-2015, by the Decree of the President of the Republic of Tajikistan, the Strategy for Public Finance of the Republic of Tajikistan for 2009-2018 was approved. A separate decree formed the Coordination Council for Public Financial Management. The Steering Committee is an advisory and advisory body responsible for the development of the PFM Strategy, the Action Plan and for the implementation of the public financial management reform within the approved PFM Strategy.

In the Strategy for Public Finance Management for 2009-2018 developed by the Government. outlines a comprehensive program for the modernization of public finance management in the Republic of Tajikistan. The task of paramount importance for the Republic of Tajikistan is to enhance the stability, reliability, completeness and transparency of the budget. The government has adopted the PFM Strategy as the guiding framework for all initiatives aimed at improving the effectiveness of public financial management. This Strategy covers the current directions of activity, and also sets the direction, stages and timeframes for the implementation of future reforms aimed at: strengthening the role and capacity of the Ministry of Finance in terms of budget management; introducing a comprehensive budget classification and chart of accounts, and strengthening budget planning and treasury operations; creating a sustainable training and capacity building system for PFM personnel; gradual improvement in PFM automation performance - from strengthening existing automation options to implementing a financial management information system (FMIS).

The purpose of this course of lectures is to contribute to the improvement of the educational process when teaching the course "Public Financial Management", on the basis of a theoretical and practical analysis of the processes of financing and lending, as well as generalization of legislative and regulatory documents, experience of market transformations in the public sector of the economy and in the field of the budget process , master the mechanisms of organization, planning, incentives, management of state and local finances.

This course of lectures contains 16 topics. After each topic there are assignments, self-control questions and tests. Students will be able to test their knowledge by completing these assignments. The course of lectures is supplemented with a glossary that will help to clarify some of the terms used in the lectures.

For the effective organization of independent work, the student needs to work through the passed lecture material. The deeper and more fully the material is worked out, the easier it is when performing other types of independent work. Systematic, regular work on the passed lecture material, starting from the first lesson, is a prerequisite for understanding the materials of subsequent lectures and assimilating the materials of practical and laboratory classes.

Topic 1. The role and place of public finance in the financial system of the Republic of Tajikistan

1.1. The content and main functions of finance in the economy.

1.2. The financial system and its elements.

1.3. Financial policy and structure of the state financial mechanism.

1.4 Types of financial policy.

1.1. Content and main functions of finance in the economy

Finance is an integral part of monetary relationships; their role and significance depend on the place of money relations in the economy. Finance exists as the movement of cash and non-cash funds. Unlike money, which plays the role of a universal equivalent that measures the labor costs of commodity producers, finance is an economic instrument for the distribution and redistribution of two macroeconomic indicators: Gross Domestic Product (GDP) and National Income (NI), as well as a means of control over the formation and use of funds ...

Finance arises at the third stage of social reproduction, where the movement of the value of GDP is carried out separately from the movement of its natural form (goods and services). This process can be divided into two stages:

1) the primary distribution of the value of the national income and the formation of primary income: the incomes of participants in material production are formed, amounting to the amount of the national income (wages of workers and employees, income of enterprises engaged in material production, etc.);

2) the secondary distribution of the value of the national income and the formation of secondary income: non-production income and taxes. Secondary incomes form the final proportions of the use of the national income — the consumption fund and the accumulation fund.

Thus, the redistribution of national income occurs between the production and non-production spheres of the economy, branches of material production, regions of the country, forms of ownership, and various social groups of the population. At the stage of distribution and redistribution of the value of GDP and national income, money takes the form of financial resources formed by economic entities (decentralized) and the state (centralized). The use of financial resources goes through special purpose funds and non-fund form.

So, finances are monetary relations arising in the process of distribution and redistribution of GDP and part of the national income in connection with the formation of monetary income and savings from business entities and the state and their use for the purpose of expanded reproduction, material incentives for the employed, satisfaction of social and other needs of society.

As a result of financial relations, income is formed and expenses are planned:

-states as a whole;

- local authorities;

-separate business entities.

The monetary funds of the above entities formed as a result of financial relations are used to solve problems:

1) Economic tasks:

- ensuring further economic growth;

- attraction of investments;

-financing of development programs;

-receiving new income, etc .;

2) Social tasks:

-payment of salaries, pensions;

- various forms of material support for the disabled, poor, etc.

Public finance is a form of organization of monetary relations, in which the state is a participant in one form or another. Public finance is a set of economic relations, a system of education and distribution of funds necessary for the state to maintain its bodies and perform its inherent functions.

Public finances play an important role in the general system of the country's economic and political life, activating monetary resources for the state to perform its functions.

The main functions of the state are:

- streamlining the life of society;

-providing and protecting the rights and freedoms of citizens;

- maintenance of law and order and state security;

-regulation of macroeconomic development;

-provision of public services to the population;

-development and implementation of social policy, financing of basic public and social services, support of low-income groups of the population;

-regulation of integration into the world political system and the world economy;

-implementation of measures for environmental protection, etc.

Thus, public finance is:

- a tool for attracting funds to the budget using obligatory payments;

- the leading economic lever of the state.

The main directions of the impact of public finance on the economy:

-tax policy;

- ways of financing the budget deficit;

-public debt management.

**Sources of funding for the activities of the state and local authorities**

The state has its own budget, its own sources of replenishment of financial resources (taxes, etc.). Local authorities also have their own budget, their own sources of finance (local taxes, etc.). The state and local authorities should carry out their activities only at their own expense. Only in exceptional cases directly provided for by legislation is it possible to use public finances for local needs.

Financial resources - aggregate monetary funds formed as a result of economic and financial activities in the process of creating and distributing GDP.

**The main sources of public finance formation are:**

**-**collection of taxes and fees;

-sale, other use of state property;

-export of raw materials;

-sale of a part of the state's gold reserve;

- issue and sale of government bonds and other securities;

-paid provision of public services;

-use of reserve and insurance funds;

-voluntary contributions from individuals and legal entities;

- external and internal borrowing, etc.

**The main sources of formation of local finance are:**

**-** collection of local taxes and fees;

- activities of local enterprises;

-use of own (local) property;

-voluntary donations from individuals and legal entities;

-part of state funds allocated for local needs.

Despite their differences, state and local finance perform similar functions:

1) distribution;

2) regulatory;

3) stimulating;

4) fiscal;

5) control.

**The distribution function** is that the newly created value (gross domestic product, part of the national income) is distributed among: the state, local authorities, enterprises and organizations, citizens, etc.

The purpose of this distribution is to ensure:

-balanced development of society and the state;

-performance by the state and local authorities of their functions;

-the welfare of citizens;

-economic growth.

For example, an enterprise gives a part of the earnings to the state in the form of taxes, and the state finances pensioners from these funds (who may be disabled former employees of this enterprise), ensures the operation of public transport, makes it possible for the children of the enterprise employees to go to school for free, etc. ...

**The regulatory function** is that the state regulates macroeconomic processes with the help of monetary levers.

For example: introduces duties on unwanted imports and thereby supports the national producer; determines the rate of the national currency; supports it if необходимо; устанавливает учетную ставку банковского процента и т. д.

**The stimulating function** is close to the regulating one and consists in the fact that the state, using financial mechanisms, stimulates the desired economic processes (for example, provides benefits to certain industries, enterprises).

**The fiscal function** is that financial relations give rise to the need for regular collection of taxes to ensure the normal functioning of the state and society.

**The control function** is to exercise control over the formation and use of capital, income and funds.

**1.1. Financial system and its elements**

**State financial system of the Republic of Tajikistan** - a certain area of financial relations in the process of which funds are generated and used. The state financial system determines the forms and methods of formation, distribution and use of state funds.

The state financial system of the Republic of Tajikistan consists of the following financial relations:

- state budget system;

- state debt;

- state trust funds.

**The financial system** is a collection of various spheres (links) of financial relations, each of which is characterized by peculiarities in the formation and use of funds, a different role in social reproduction.

**Finance is subdivided into**: centralized finance and decentralized finance. (Fig. 1.1.)

Centralized finance is a system for the formation and use of funds of funds intended to support the activities of state and local authorities. Centralized finance includes: public finance and local finance.

**Public finance** - a set of monetary relations associated with the formation, distribution and use of funds, accumulated funds through the republican budget, local budgets and state trust funds used by the authorities and public administration, local government authorities to perform the functions assigned to them.

**Centralized finance** is represented by the budgetary system, as well as state and local loans. The budgetary system of the Republic of Tajikistan consists of budgets and budgetary funds of all levels (republican and local). Centralized finance is managed through the system of authorities at all levels of government.

**State trust funds -** funds of funds formed in accordance with the legislation of the Republic of Tajikistan at the expense of income or in the form of deductions from specific types of income, which are used to achieve a particular goal.

These funds accumulate funds for the implementation of the most important social guarantees - state pensions, the provision of free medical care, support in the event of disability, during maternity leave, sanatorium services, etc.

**Decentralized finance** is a form of organization of monetary relations, the movement of funds of funds, formed at the level of various enterprises, organizations, households and individual citizens. Decentralized finance includes: household finance, finance of non-profit organizations, finance of commercial organizations.

**Financial system**

**Decentralized finance**

**Centralized finance**

Finance of non-profit organizations

Household finance

Finance of commercial organizations

Local government finances

Public finance

State trust funds

State and local loans

Budgetary system (budgets of the country, its constituent entities, local authorities)

Financial relations with the foreign sector

**Banking system**

**Financial markets**

**(investors, borrowers, financial intermediaries)**

* 1. **Figure 1.1. The structure of the financial system.**

All of the above financial relations can be divided into two subsystems:

1) general state finance, providing for the needs of expanded reproduction at the macro level;

2) the finances of business entities, used to provide the reproduction process with monetary funds at the micro level.

The differentiation of the financial system into separate links is due to differences in the tasks of each link, as well as in the methods of formation and use of centralized and decentralized funds of funds. National centralized funds of monetary resources are created by the distribution and redistribution of the national income created in the branches of material production.

**1.1. Financial policy and structure of the state financial mechanism**

**Financial policy** - a set of state measures for the use of financial relations for the performance of the state's functions

The essence of financial policy includes:

-development of a general concept of financial policy, determination of its main directions, goals, main tasks;

-creation of an adequate financial mechanism;

- management of financial activities of the state and other economic entities.

 The basis of financial policy are strategic directions that determine the long-term and medium-term prospects for the use of finance and provide for the solution of the main tasks arising from the peculiarities of the functioning of the country's economy and social sphere. At the same time, the state carries out the choice of the current tactical goals and objectives of the use of financial relations. All these activities are closely interconnected and interdependent.

 An important component of financial policy is the establishment of a financial mechanism through which all state activities in the field of finance are carried out.

Financial mechanism - a system of forms, types and methods of organizing financial relations established by the state (Figure 1.1.)

**Elements of the financial mechanism**:

-forms of financial resources;

-the methods of their formation;

-system of legislative norms and standards that are used in determining the income and expenditures of the state;

-organization of the budgetary system, enterprise finances and the securities market.

**Scheme 1.1.**

**Financial mechanism**

|  |
| --- |
| **Types of financial mechanism** |
| Directive | Regulatory |
| developed for financial relations in which the state is directly involved. Its scope includes: taxes, state credit, budget expenditures, budget financing, organization of the budgetary structure and budgetary process, financial planning. In some cases it also applies to other types of financial relations that are of great importance for the implementation of the entire politicians, or one of the parties to these relations is an agent of the state (finances of state enterprises). | defines the basic rules in a specific segment of finance that does not directly affect the interests of the state. This kind of financial mechanism is typical for the organization of intraeconomic financial relations in private enterprises. In this case, the state establishes a general procedure for the use of financial resources. |

 The financial mechanism includes:

-**financial methods** - ways of influencing financial relations on the business process. These include: planning, forecasting, investing, lending, material incentives, and more;

-**financial indicators** - parameters of the state of the financial system, to one degree or another regulated by the state financial policy;

**-legal support** - laws, decrees of the President, decrees of the Government of the Republic of Tatarstan, charter of a legal entity, etc .;

- **regulatory support** - norms and standards, guidelines, instructions for calculating financial indicators;

-**information support** - accounting and statistical reporting, and other information about the state of the financial system.

Based on the foregoing, **the objectives of financial policy are:**

1) providing conditions for the formation of the maximum possible financial resources;

2) establishment of rational distribution and use of financial resources from the point of view of the state;

3) organization of regulation and stimulation of economic and social processes by financial methods;

4) development of a financial mechanism and its development in accordance with the changing goals and objectives of the strategy;

5) creation of an effective and maximum business financial management system.

In the process of conducting financial policy, it is especially important to ensure its relationship with other components of economic policy - credit, price, monetary.

Evaluation of the results of the financial policy of the state is based on its compliance with the interests of society and most of its social groups, as well as on the results achieved arising from the goals and objectives.

The entire financial management system is based on the financial policy of the state. The legislative and executive branches of government participate in the development of financial policy. In the Republic of Tajikistan, the priority in the development of financial policy belongs to the President of the Republic of Tajikistan, who in his annual messages to the Parliament of the Republic of Tajikistan determines the main directions of financial policy for the current year and for the future. The Government of the Republic of Tajikistan should act within the framework of this message in order to implement the main directions of economic development and ensure social stability in society.

At the same time, the Government of the Republic of Tajikistan, as a part of the executive branch of government, develops draft laws necessary for the implementation of financial policy and submits them to the Parliament for consideration and adoption. If Parliament does not pass the law or adopts it with amendments that distort or change the main content of the law, then this will prevent the executive branch of government from pursuing financial policy in the intended direction.

**Financial policy includes the following areas:**

**1) Budgetary policy;**

**2) Tax policy;**

**3) Monetary policy;**

**4) Pricing policy;**

**5) Customs policy;**

**6) Social policy;**

**7) Investment policy;**

**8) Foreign trade policy.**

In turn, the financial policy of the state is only a means of implementing its economic and social policy, i.e. plays a supporting role. We should not forget other directions of state policy - national, geopolitical, military. The combination of these five directions determines the financial policy, which serves as the main instrument of public policy. Financial policy, as part of the financial management system, is the prerogative of government agencies.

**1. Бюджетная политика –** это совокупность мероприятий в сфере организации бюджетных отношений с целью обеспечения их денежными средствами для выполнения своих функций.

The budgetary policy of the state is determined by the Constitution of the Republic of Tajikistan, a set of other laws that establish the functions of individual authorities in the budgetary process and lawmaking. It is impossible to reduce the budgetary policy only to the budgetary process, although this is the largest work in terms of volume and importance. The law should clearly define the functions of the executive and legislative branches of government in the budgetary process, the functions of the subjects of the state, the principles of budgetary federalism, the rights and obligations of the subjects of the budgetary process, etc. However, the budgetary policy is not limited to this.

Fiscal policy is expressed in determining the share of GDP concentrated in the budget, in the relationship between the state authorities and local governments, in the structure of the expenditure side of the budget, in the distribution of expenditures between budgets of different levels, in the share of the republican budget from the total sum of the consolidated budget, in public debt management, in determining ways to cover the budget deficit, etc.

**2. Tax policy** is an integral part of financial policy, which is a system of legal norms and organizational and economic measures adopted and implemented by public authorities and local authorities in the field of tax relations with legal entities and individuals.

The most important part of financial policy is tax policy. For more than 500 years, modern financial science has clearly defined its attitude to taxes:

• The state cannot exist without taxes;

• Tax withdrawals have a strong upward trend. When the optimal tax threshold is crossed, the natural reproduction process is violated - the economy self-destructs;

• In times of crisis, taxes should be set at the lowest possible level. In this case, the country's economic mechanism is being restored by mobilizing domestic investment potential. High tax thresholds lead to capital flight;

• State regulation of the economy is necessary. However, with the total value of the withdrawal of net income above 30%, the country's economic growth is suspended. Tax incentives should be open and equal for all subjects of the reproduction process;

• The tax system should not be confiscatory. Only the growth of national wealth, expressed, inter alia, in an increase in individual incomes, can ensure a stable increase in the taxable base;

• The total amount of taxes has a stable growth trend only in the economic system in which the state guarantees the stability of laws and regulations. As soon as the state violates its obligations as a guarantor of stability, capital begins to go into the shadow economy or abroad, narrowing the budget revenue base;

• The tax system must be simple, open and efficient. An increase in the number of taxes, objects of taxation, the introduction of multi-stage taxes leads to an increase in the cost of collecting taxes, to an increase in arrears and fines and, ultimately, to the destruction of the economy by seizing property, declaring the defaulter bankrupt, etc .;

• The prevalence of the indirect taxation system, which is the most convenient from the point of view of the formation of budget revenues, leads to further impoverishment of the bulk of the country's population, since the burden of such taxes falls on the final consumer of goods and services, i.e. 80–90% of the population with incomes at the subsistence level or even at the level of social survival. This paradox is based on the relatively similar level of consumption at different levels of income;

• Indirect taxes should be introduced to restrict the consumption of goods harmful to health, on luxury goods, sometimes on imported goods and services, and in a number of other specific cases;

• The main tax base should be income and property taxes. They should be built on the principles of proportional taxation.

The impact of tax policy on the country's economy manifests itself directly - a high tax threshold narrows the investment opportunities of the reproduction process, reduces the level of consumption in society, which, in turn, reduces the growth base of the manufacturing and service sectors.

**3. Monetary (monetary) policy** - it is a government policy that affects the amount of money in circulation in order to ensure price stability, full employment of the population and growth in real production. The central bank of the country implements the monetary policy.

The impact on macroeconomic processes (inflation, economic growth, unemployment) is carried out through monetary regulation.

Usually, the monetary policy of the central bank is aimed at achieving and maintaining financial stabilization, primarily strengthening the national currency and ensuring the stability of the country's balance of payments.

Monetary regulation is a set of specific measures by the central bank aimed at changing the money supply in circulation, the volume of loans, the level of interest rates and other indicators of money circulation and the loan capital market.

Monetary policy is an integral part of the unified state economic policy. State economic policy should include measures to solve problems in each block. The central bank fulfills its part - monetary policy, it is responsible for its implementation.

The role of monetary policy in the development of the economy is to achieve the maximum possible balance of the money market, i.e. maintain a balance between the amount of money in circulation and the need for it.

**Types of monetary policies:**

-Rigid - aimed at maintaining a certain amount of money supply.

-Flexible - aimed at adjusting the interest rate.

Methods of monetary policy:

**1.Open Market Operations:**

The sale by the central bank of government securities in open markets to commercial banks reduces the reserves of banks, and therefore reduces the lending capacity of banks, increasing the interest rate. This method of monetary policy is applied in the short term and has great flexibility.

**2.Changing the minimum reserve rate:**

An increase in the central bank's reserve ratio reduces excess reserves (which can be lent out), thereby reducing the bank's ability to expand the money supply through lending. This means of regulating the money supply is usually applied in the long run.

**3.Changing the discount rate:**

The rate charged by the central bank for loans presented to commercial banks is called the discount rate. As the discount rate decreases, the demand of commercial banks for central bank loans increases. At the same time, the reserves of commercial banks and their ability to provide loans to entrepreneurs and the population are increasing. The bank interest for a loan also decreases. The supply of money supply in the country is increasing. On the contrary, when it is necessary to reduce business activity by reducing the money supply in the country, the central bank raises the discount rate. Raising the discount rate is also a way to fight inflation. Depending on the economic situation, the central bank resorts to a policy of “cheap” and “expensive” money.

**The cheap money policy**

Conducted during a period of low market conditions. The central bank increases the supply of money by buying government securities on the open market, lowering the reserve rate, lowering the discount rate. This lowers the interest rate, increases investment and increases business activity.

**Expensive money policy**

It is carried out by the central bank primarily as an anti-inflationary policy. In order to reduce the money supply, money emission is limited, government securities are sold on the open market, the minimum reserve rate is increased, and the discount rate is increased.

Along with the listed methods of state regulation, which have an internal economic orientation, there are special measures of external economic regulation. These include measures to stimulate the export of goods, services, capital, know-how, management services (export crediting, guaranteeing export credits and investments abroad, introducing and canceling quotas, changing the value of duties in foreign trade).

**Monetary policy instruments:**

**1) Monetary base**. Monetary policy can be implemented by changing the volume of the monetary base. Central banks use open market operations to change the volume of the monetary base. The central bank buys or sells reserve assets (usually financial instruments such as bonds) in exchange for deposit money at the central bank. These deposits can be converted into cash. Together, these cash and deposits make up the monetary base, which is the central bank's liabilities denominated in its own currency. Usually, other banks can use the monetary base as a partial reserve and expand the total money supply.

**2) Required reservation rate.** Monetary authorities exercise regulatory control over commercial banks. Monetary policy can be implemented by changing the volume of assets that banks must keep in central bank reserves. Banks keep only a small part of their assets in cash, available for instant withdrawal. The remainder is inverted into illiquid assets such as mortgages and loans. By changing the liquidity rate, the central bank changes the amount of available credit funds. The central bank, as a rule, often does not change reserve requirements, as this creates volatile changes in the money supply due to the action of the credit multiplier.

**3) Discount rate.** Discount rate lending means that commercial banks and other depository institutions are allowed to borrow reserves from the central bank at the discount rate. This rate is usually set below the rates of the short-term capital market (Treasury bills). This allows institutions to change the terms of lending (that is, the amount of money they can lend), thus affecting the money supply.

**4) Interest rate** - the amount indicated as a percentage of the loan amount that the recipient of the loan pays for using it, calculated for a certain period (month, quarter, year).Виды процентных ставок

**The fixed interest rate** is constant, set for a certain period and does not depend on any circumstances.

**The floating interest rate** is subject to periodic review. The rate change is carried out on the basis of fluctuations of certain indicators.

**4. Pricing policy** is the principles and methods for determining prices for goods and services. Options for such a policy can be - uniform prices for all consumers, flexible prices depending on the behavior of buyers, on demand, constant prices over a period of time, unrounded prices, etc.

The government's pricing policy is expressed in adjusting prices and tariffs for monopoly goods and services. In the monopoly possession of the state, the subsoil, land, water areas, railways, power transmission networks, etc. have been preserved. The rise in prices for goods and services in these sectors leads to higher prices in all other sectors of the national economy. Pricing policy is the most important factor in the regulation of the economy. Prices for the entire set of goods and services actually depend on the value of tariffs for transport and electricity, as well as prices for raw materials.

**5. Customs policy** is a set of government measures to regulate foreign trade exchange by establishing a procedure for movement across the customs border.

Customs policy can be viewed as part of tax and pricing policy, since customs duties and taxes have a direct impact on the price of goods and services. At the same time, customs policy also has its own specific way of influencing the country's economy, limiting or expanding access to the domestic market for imported goods and services and restraining or encouraging the export of goods and services from the country.

There are two types of customs policy:

1) free trade (free trading);

2) protectionism.

**6. Social policy** is a set of government measures aimed at equitable redistribution of national income in order to improve the quality and standard of living of the population.

In this sense, social policy is a state policy, but implemented through a set of decisions made by government bodies, the private sector and other subjects of social policy: trade union and socio-political organizations, as well as the population.

Social policy (in the broad sense of the word) is a set of measures that ensure the effective reproduction of not only the labor force, but the entire population of the country.

Social policy (in the narrow sense of the word), or social policy itself, is a subsidized policy aimed at social protection of only a certain group of people - socially vulnerable segments of the population. It is carried out both on a state and non-commercial financial basis.

**7. Investment policy** is an integral part of the economic policy pursued by the state and enterprises in the form of establishing the structure and scale of investments, directions of their use, sources of receipt, taking into account the need to update fixed assets and improve their technical level.

**8. Foreign trade policy** is an integral part of the state's economic policy, which implies influencing foreign trade through economic and administrative levers (taxes, subsidies, direct restrictions on imports and exports, etc.)

**1.4 Types of Financial Policies**

There are three types of financial policy:

1. Classical policy;

2. Regulatory policy;

3. Planning and directive policy.

**Classic politics**

Classical politics was the main type of financial policy in most countries until the end of the 20s of the XX century. Classical politics was based on the works of the classics of political economy A. Smith (1723-1790) and D. Ricardo (1772-1823) and their followers.

The main directions of classical politics:

- state interference in the economy;

-preservation of free competition;

-use of the market mechanism as the main regulator of business processes.

The state sought to reduce budget expenditures, which were reduced mainly to military expenditures, the payment of interest on the state debt and its repayment and management. The tax system (mainly indirect and property taxes) was supposed to generate the necessary revenues to ensure a balanced state budget.

The financial management system was simple and concentrated, as a rule, in one governing body - the Ministry of Finance (Treasury).

**Regulatory financial policy.**

Regulatory financial policy has been developed in many countries of the world since the end of the 20s of the XX century and operates, undergoing some changes, at the present time.

The regulatory financial policy was based on the works on the economic theory of the English economist J. Keynes (1883-1946) and his followers.

Regulatory financial policy was based on the need for government intervention and regulation of the cyclical development of the economy.

Financial policy, along with its traditional tasks, began to pursue the goal of using the financial mechanism to regulate the economy and social relations in order to ensure full employment of the population.

The main instrument of intervention in the economy is government spending, which generates additional demand.

The tax system has changed dramatically. The main regulatory mechanism is the income tax, which uses progressive rates and allows the state budget to be balanced at a high level of spending.

Much attention in the financial mechanism is paid to the system of public credit, on the basis of which the policy of deficit financing is pursued.

The financial management system is changing. Separate services are allocated that deal with budget planning and budget expenditures, their financing, control over tax receipts, and public debt management.

In general, Keynesian financial regulatory policy ensured stable economic growth, high employment levels and an effective system of financing social needs in most countries in the 30-60s.

In the 70s, the financial policy was based on a neo-conservative strategy associated with the neoclassical direction of economic theory. Without refusing to intervene by the state in the economy and social sphere as a whole, it significantly limited it.

The financial mechanism in these conditions is based on the need to reduce the volume of redistribution of national income through the financial system, to reduce the budget deficit, to stimulate the growth of savings as a source of productive investment. The task is to reduce and reduce the degree of progressiveness of taxation.

It should be noted that various types of regulatory financial policies are closely interconnected. Therefore, the same or similar instruments of the financial mechanism are used in different countries using both Keynesian and neoconservative regulatory systems, which leads to their convergence.

**Planning and Directive Financial Policy.**

It is used in countries using an administrative command system of economic management.

Planned and directive financial policy is based on state ownership of the means of production, which allows direct directive management of all spheres of the economy and social life, including finance.

The purpose of the planning and directive financial policy is to ensure the maximum concentration of financial resources from the state for their subsequent redistribution in accordance with the main directions of the state plan.

The main task of the financial mechanism is the creation of tools with the help of which all unused resources are withdrawn in accordance with the state plan. The withdrawal of funds was carried out from state enterprises, the population and local authorities.

Financial management was carried out from a single center of the Ministry of Finance, which dealt with all issues of using the financial mechanism in the national economy.

Planning and directive financial policy was carried out in almost all former socialist countries. It showed its fairly high efficiency in the years when the maximum concentration of financial resources was required to finance emergency state expenditures (during the Second World War, the restoration of the national economy, etc.). At the same time, the use of such a financial policy in conditions of normal functioning of the economy led to negative consequences: a decrease in production efficiency, a slowdown in the development of the social sphere of society, a sharp deterioration in the financial situation of the state.

**Self-study assignments:**

1. Prepare for an oral discussion of the topic.

2. Answer self-control questions.

3. Complete the proposed tasks.

4. Prepare abstracts on topics:

- "Financial policy and its types";

- "The importance of the main functions of public finance."

5. Answer test questions.

6. Compile a glossary on the topic.

**Questions for self-control:**

1. What are the features of public finances and their content?

2. What is the role of finance in the distribution process?

3. How are the processes of the primary distribution of the social product and its redistribution manifested?

4. What are the main components of the financial system.

5. What is meant by financial policy?

6. What are the functions of finance?

Tasks:

1. Name the main sources of the formation of public finances.

2. Give examples of financial relationships.

3. Name the types of financial policy and describe them.

4. What are the main directions of financial policy and describe them.

5. Formulate the concept of a financial mechanism, reveal its structure.

6. Draw up a flowchart showing the structure of the financial mechanism and including all its elements.

Test

**1. The totality of economic relations arising in real money turnover regarding the formation, distribution and use of centralized funds of financial resources is:**

A) shares; B) investments; C) finance; D) currency; E) leasing;

**2. The main functions of the state are:**

A) ordering the life of society; B) ensuring and protecting the rights and freedoms of citizens; C) ensuring law and order and state security; D) regulating macroeconomic development; E) all the answers are correct.

**3.Aggregate monetary funds formed as a result of economic and financial activities in the process of creating and distributing GDP:**

A) financial strategy; B) financial resources; C) financial mechanism; D) financial functions; E) financial control.

**4. The aggregation of various spheres (links) of financial relations, each of which is characterized by peculiarities in the formation and use of funds of funds, a different role in social reproduction, is:**

A) financial system; B) financial policy; C) financial regulator; D) financial resources; E) financial monitoring.

**5.Functions of public finance:**

A) distribution; B) incentive; C) fiscal; D) control; E) all answers are correct.

**6. The function of public finance, consisting in the fact that the newly created value (gross domestic product, part of the national income) is distributed between: the state, local authorities, enterprises, citizens:**

A) distribution; B) incentive; C) fiscal; D) control; E) regulatory.

**7. Purpose of financial state distribution:**

A) balanced development of society and the state; B) fulfillment by the state of its functions; C) the welfare of citizens; D) economic growth; E) all answers are correct.

**8. The function of public finance, consisting in the fact that the state with the help of monetary levers regulates macroeconomic processes:**

A) distribution; B) incentive; C) fiscal; D) control; E) regulatory.

**9.Ways of influence of financial relations on the business process:**

A) financial methods; B) financial policy; C) financial system; D) financial strategy; E) financial resources.

**10.Financial methods include:**

A) planning; B) forecasting; C) investment; D) lending; E) all answers are correct.

Topic 2. Public finance management

2.1. Features of public finance management

2.2 Forms and methods of public finance management

2.1. Features of public finance management

Management is a conscious impact with the aim of developing and improving the object. Government influence on business is carried out through tax policy, regulation of the financial market, the formation of a depreciation fund, a system of state support for enterprises, through subsidies, i.e. the state does not manage finances, but influences through finances on the economy and the social sphere, mainly in the implementation of financial policy.

Directly in the field of public administration are public finances (the formation of the state budget, off-budget funds, finance of state enterprises). Management is carried out through the adoption of financial legislation, approval of the state budget and a report on its implementation, the introduction or abolition of certain taxes, approval of the maximum size of public debt, etc.

Public financial management can be defined as the efficient management of collection, storage and spending of government funds. It includes:

- income management;

-expenditure of funds in accordance with a clearly formulated and legally approved budget;

-monitoring and management of public debt and financial assets;

-management and maintenance of state property.

A public financial management system is the organization of regulations, legislation, procedures and processes for managing public financial assets and liabilities and monitoring the financial health of public enterprises.

Maintaining the following three main functions of PFM: maintaining general financial discipline, ensuring strategic allocation of resources, maintaining the efficiency of current activities, will accordingly achieve:

- control over income, expenses and debt and a stable balance between them;

-distribution of resources, taking into account the strategic priorities of the Government of the Republic of Tajikistan;

- efficient and rational provision of public services.

The object of public finance management is the system of finance or a set of monetary relations.

The subjects of public finance management are financial institutions, services, financial departments of organizations, etc.

Financial management is expressed in financial policy - a set of methodological principles, practical forms of organization and methods of using finance. As a result of the action of financial policy, a redistribution of GDP is carried out, ensuring the leveling of the levels of development of the state, a combination of the interests of all economic entities. **Целями управления государственными финансами** выступают финансовая устойчивость и независимость, проявляющаяся в макроэкономической сбалансированности, профиците бюджета, сокращении государственного долга, стабильности национальной валюты и, в конечном итоге, сочетании интересов государства и общества.

СисTopic управления финансами представлена на рис. 2.1*.*

Public financial management system

Final goal

Subject of management

Impact tool

Management object

Financial stability

Financial relations

Financial System

Financial Policy

-President of the Republic of Tajikistan

-Parliament of the Republic of Tajikistan

-Government of the Republic of Tajikistan

-Ministry of Finance of the Republic of Tajikistan

-Tax Committee of the Republic of Tajikistan

-National Bank of the Republic of Tajikistan

- Accounts Chamber of the Republic of Tajikistan

-macroeconomic balance;

-budget surplus;

-public debt absence;

- a solid national currency.

-relation on education and use of budgetary funds;

- relations on education and the use of off-budget funds;

-relation on education and use of insurance funds.

- management principles;

-financial forecasting;

-financial programming;

-financial regulation;

-financial control;

-the financial analysis;

-financial legislation.

**Fig. 2.1. Public financial management system**

The general management of the financial system is carried out by the supreme authorities and administration:

• The President of the Republic of Tajikistan (Office of the President) - regulates the activities of the financial system, signs the budget plan.

• The Parliament of the Republic of Tajikistan (MajlisiMilliiMajlisiOliya of the Republic of Tajikistan and MajlisiNamoyandagoniMajlisiOliy of the Republic of Tajikistan) - establishes taxes, fees, non-tax payments, approves the state budget, adopts financial legislation (Tax Code).

• The Government of the Republic of Tajikistan - considers the state budget, acts as a single center for financial management.

• The central body implementing the financial policy is the Ministry of Finance of the Republic of Tajikistan. It ensures the unity of financial, monetary and foreign exchange policies in the Republic of Tajikistan, coordinates the activities of other executive authorities. The Ministry of Finance of the Republic of Tajikistan is entrusted with organizing the execution of the state budget, carrying out measures to ensure the spending of budget funds for their intended purpose.

• The system of the National Bank of the Republic of Tajikistan (NBRT) is an important body for the implementation of monetary and financial policy. NBRT carries out, along with the state treasury, cash execution of the budget, controls the activities of other credit institutions.

To control the implementation of financial legislation, a special control body was created - the Accounts Chamber of the Republic of Tajikistan, its main purpose is control over state funds. The Accounts Chamber is independent from the Government and is accountable to the President of the Republic of Tajikistan.

**2.2 Forms and methods of public finance management**

The subjects of management use in each area and in each link of financial relations specific methods of targeted impact on finance. At the same time, they are also characterized by unified techniques and methods of management. There are several forms and methods of public finance management:

- financial planning;

- financial forecasting;

- financial programming;

- financial regulation.

Financial planning takes an important place in the financial management system. It is in the course of planning that any business entity comprehensively assesses the state of its finances, identifies the possibilities of increasing financial resources, the directions of their most effective use. Management decisions in the planning process are made on the basis of an analysis of financial information, which, therefore, must be sufficiently complete and reliable. The reliability and timeliness of obtaining information ensure that informed decisions are made. Financial information is based on accounting, statistical and operational reporting.

With regard to public financial management, financial planning is an activity to balance and proportionate financial resources. Balance means the optimal ratio between the financial resources at the disposal of the state and the income remaining in the hands of business entities. Proportionality is a rational ratio between the amount of income before tax and after payment by enterprises, sectors of the economy, regions, subjects of the Federation. The state, by increasing or decreasing this ratio, can stimulate or limit their development.

The specific objectives of financial planning are determined by financial policy. This is the determination of the amount of funds and their sources required to fulfill the planned targets; identification of reserves for income growth, cost savings; establishment of optimal proportions in the distribution of funds between centralized and decentralized funds.

Financial planning is one of the most important financial management tools. A number of features can be distinguished that characterize this activity:

1) regulation (orderly process);

2) communication with information processing;

3) focus on achieving certain goals;

4) temporary.

By planning, we mean the process of developing and adopting targets of a quantitative and qualitative nature and determining the ways to most effectively achieve them. The result of planning is a plan or a set of plans (system).

A plan is the result of an orderly process that defines the parameters for achieving future goals. Planning acts as an effective tool for achieving the set goals by means of taking coordinated measures in a changing external and internal environment. The ultimate goal of planning is the modern identification of tools and alternatives that would reduce the risk of erroneous decisions.

Examples of financial plans in the area of ​​public finance are:

-budgetary plan;

- estimates of expenses and incomes of budgetary organizations;

-consolidated financial balance of the state;

-balance of cash income and expenses of the population of the territory, etc.

Financial forecasting is a prediction of the possible financial position of the state and territory, it is used to substantiate the indicators of financial plans. In theory and in practice, medium-term (5-10 years) and long-term (more than 10 years) financial forecasting are distinguished. The main purpose of financial forecasting is to determine the actually possible volume of resources and their needs in the forecast period. Financial forecasts are a necessary element and at the same time a stage in the development of financial policy. They allow developing various scenarios for solving social and economic problems facing all elements of the financial system.

Financial forecasting methods are:

-econometric models that describe the dynamics of financial plan indicators depending on factors affecting economic processes;

- method of correlation and regression analysis;

- the method of direct expert assessment.

On a national scale, financial forecasting involves:

- an indication of the priorities of public spending in areas;

- increasing the efficiency of spending public funds;

- termination of financing in accordance with the choice of the alternative.

Financial programming involves the preparation and implementation of targeted comprehensive programs in social and economic areas of the medium and long term.

Financial programming is a method of financial planning that uses a programmatic-target approach, which is based on clearly formulated goals and means of achieving them, assumes:

- setting priorities for spending in areas;

- increasing the efficiency of spending funds;

- termination of funding in accordance with the choice of the alternative.

The choice of the program option depends, first of all, on economic factors (resource). This takes into account not only the scale, importance and complexity of achieving the goal, but also the size of the existing reserves, the expected total effect, potential losses from not achieving the goal.

Financial regulation is an activity organized by the state to use all aspects of financial relations in order to adjust the parameters of reproduction. Its subjects are state structures, objects - incomes and expenses of participants in social reproduction. The purpose of financial regulation is to establish the proportions of distribution, accumulation, ensuring the satisfaction of needs at the micro and macro levels.

Financial regulators are:

-taxes and non-tax payments to the budget;

-financial incentives and sanctions;

-operating costs of budgetary organizations;

- general and targeted subsidies for government orders;

- income and expenses of off-budget funds;

- income and expenses of state enterprises.

There are forms of regulation: direct - through an increase or decrease in the rates of direct taxes; indirect - through indirect taxation; and mixed. Financial regulation of the financial legislation of the Republic of Tajikistan and authorities and administrations of all levels provide financial regulation.

Regulation is implemented through the composition, structure and volume of government revenues and expenditures. In particular, government spending is divided into:

-transformation: government consumption and government investment, - affect the wages of public sector employees, the volume of government debt, the volume of government purchases of goods and services, etc .;

- transfers to the population and legal entities affect the amount of scholarships, pensions, incomes of socially significant obligations, etc .;

-current and capital, which affect the size of public investment;

- production direction and social significance.

Government revenues affect pricing, production costs of organizations, the amount of savings of legal entities, employment and personal consumption of the population.

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer questions for self-control.

3. Complete tasks and take part in the presentation.

4. Prepare abstracts on the topics:

- "Public Finance and Microeconomics";

- "Public finance and economic growth".

5. Answer test questions.

6. Make a glossary on the topic.

**Questions for self-control:**

1.Formulate the concept of "Public Financial Management" and expand its content.

2. What are the goals of public financial management?

3. List several forms and methods of public financial management.

4.What applies to financial regulators?

5. What is the main role of the state in the management of public finances expressed?

Tasks:

1. What are the main instruments of influence on the financial system?

2. What are the main methods of financial management in use today?

3. What government institutions are involved in financial management?

4. Name examples of financial plans in the field of public finance.

5. Make a presentation “The Role of Effective Public Financial Management”.

Test

1.Effective management of collection, storage and spending of state funds is:

A) marketing management; B) public finance management; C) personnel management; D) enterprise management; E) investment management.

2. The objects of public finance management are:

A) non-productive assets; B) commercial foundations; C) intangible funds; D) working capital assets; E) financial system;

3. The subjects of public finance management are:

A) financial institutions; B) financial services; C) financial departments of organizations; D) financial departments; E) all answers are correct.

4. The set of methodological principles, practical forms of organization and methods of using finance is:

A) financial methods; B) financial policy; C) financial system; D) financial control; E) financial resources.

5. Financial stability and independence, manifested in macroeconomic balance, budget surplus, reduction of public debt, stability of the national currency, are:

A) the principles of economic management; B) methods of technical management; C) forms of financial statements; D) financial strategies of the state; E) the objectives of public financial management.

6. Anticipation of the possible financial position of the state is used to substantiate the indicators of financial plans, these are:

A) financial incentives; B) financial forecasting; C) financial programming; D) financial regulation; E) financial planning.

7.Principles of organizing public finance:

A) the unity of the legislative and regulatory framework; B) openness and transparency; C) delineation of powers and jurisdictions; D) goal orientation; E) all answers are correct;

8. The objects of financial regulation are:

A) personnel of the enterprise; B) finance departments; C) income and expenses of the enterprise; D) financial managers; E) balance sheet;

9. Financial regulators are:

A) taxes and non-tax payments to the budget; B) financial incentives and sanctions; C) operating costs of budgetary organizations; D) general and targeted subsidies for government orders; E) all answers are correct;

10. Forms of financial regulation:

A) political and financial; B) economic and statistical; C) commercial and industrial; D) budget and tax; E) direct and indirect;

**Topic 3: Public Financial Management Bodies**

**3.1. Bodies of public finance of the Republic of Tajikistan**

**3.2. Powers of the Ministry of Finance of the Republic of Tajikistan.**

**3.3. Organization of activities of the Ministry of Finance of the Republic of Tajikistan**

**3.1. Bodies of public finance of the Republic of Tajikistan**

In the Republic of Tajikistan, public finance in accordance with the legislation of the Republic of Tajikistan is managed by the following bodies:

-Government of the Republic of Tajikistan;

-MajlisiMilliiMajlisiOliya of the Republic of Tajikistan;

-MajlisiNamoyandagoniMajlisiOliya of the Republic of Tajikistan;

-Ministry of Finance of the Republic of Tajikistan;

-Tax Committee under the Government of the Republic of Tajikistan;

-Customs Service under the Government of the Republic of Tajikistan;

- Local representative and executive bodies of state power;

- Representative and executive local authorities.

Powers of the Government of the Republic of Tajikistan

The Government of the Republic of Tajikistan ensures the implementation of a unified financial, tax, budgetary and monetary policy. Submits to the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan the draft Law of the Republic of Tajikistan on the State Budget of the Republic of Tajikistan for the next financial year, questions about the possible size of the state budget deficit, the source of its coverage with the necessary documents and materials, and ensures the implementation of the budget.

In due time, submits to the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan conclusions on draft laws that provide for expenses covered by the State budget, with the exception of bills submitted by the President of the Republic of Tajikistan and the Government of the Republic of Tajikistan. Receives the consent of the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan to issue and receive a state loan.

Determines the priority of government borrowing and guaranteed government borrowing, provides the procedure for managing this borrowing and its implementation. Submits for approval to the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan a report on the execution of the state budget for the past financial year. Determines the procedure for the creation and liquidation of state trust funds, management of their activities, consideration of their reports.

Prepares draft laws on amendments and additions to the Law of the Republic of Tajikistan "On the State Budget of the Republic of Tajikistan" for the next financial year, submits them to the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan with the necessary documents and materials.

Powers of representative bodies of local government

Representative bodies of local authorities independently approve the local budget, control its implementation and, if necessary, make changes and additions to it.

Submit to higher authorities information on budgetary indicators approved by the Majlis of People's Deputies for their inclusion in the state budget of the Republic of Tajikistan. Distribute budget funds item by item and are responsible for the effective use of these funds. Approve the report on the execution of the local budget for the past financial year.

Powers of the executive body of local government

The executive body of local government establishes general rules for organizing local financial and budgetary relations. Manages the local government loan. Submits to the Majlis of People's Deputies the draft local budget for the next financial year.

Submits proposals on amendments and additions to the decision of the Majlis of People's Deputies on the local budget. Supervises the execution of the local budget, including the collection of revenues. Manages local government debt.

Powers of the Tax Committee under the Government of the Republic of Tajikistan

The Tax Committee under the Government of the Republic of Tajikistan is the central executive body of state power in the field of ensuring state control over the full and timely payment of taxes. The main functions of the committee are to ensure the implementation and observance of tax legislation, develop tax administration mechanisms in order to ensure timely and full receipt of taxes to the relevant budgets, participate in the preparation of draft laws and other regulatory legal acts on taxation issues, including treaties with other states, clarification taxpayers of their rights and obligations and timely informing taxpayers about changes in tax legislation.

The Committee, in accordance with the established procedure, exercises the following powers in the field of its activities:

- Submits for consideration by the Government of the Republic of Tajikistan drafts of normative legal acts of the Republic of Tajikistan.

- Organizes and coordinates the activities of territorial tax authorities for the implementation of the functions assigned to them.

- Carries out state registration of legal entities, individual entrepreneurs of branches and representative offices of foreign legal entities, ensures the maintenance of the Unified State Register and access to its information.

- Exercises control and supervision over the correctness of calculation, completeness and timeliness of taxes and other obligatory payments to the relevant budget by individuals and legal entities.

- Carries out, control and supervision over compliance with the requirements for cash register equipment, the procedure and conditions for its registration and use.

- Assigns an identification number to each taxpayer and maintains the Unified State Register of Taxpayers, including the Register of Value Added Tax Payers.

- Conducts tenders and concludes state contracts for placing orders for the supply of goods, performance of work, provision of services for the needs of the system of tax authorities of the Republic of Tajikistan, as well as for research and development for state needs in the established field of activity.

- Organizes an internal audit for the targeted and effective use of budgetary funds in the central office and territorial tax authorities.

3.2. Powers of the Ministry of Finance of the Republic of Tajikistan

The Ministry of Finance of the Republic of Tajikistan is the central executive body within the Government of the Republic of Tajikistan, ensuring the implementation of a unified state policy and legal regulation of financial, budgetary, tax, insurance and currency activities and coordinating in this area the executive bodies for the implementation and observance of tax legislation, control over the correctness of calculation, completeness and timeliness of payments to the state budget and state funds of taxes, fees and other obligatory payments by taxpayers.

The Ministry provides guidance, coordination and control of the activities of the territorial bodies under its jurisdiction, the State Assay Supervision, the Agency for the Development of the Securities Market and a specialized registrar, the State Vault of Values ​​and other organizations and institutions.

The Ministry carries out its activities in cooperation with the republican representative and local executive bodies of state power, as well as public and other organizations.

The main tasks of the Ministry of Finance are:

- development and implementation of fiscal policy, policy in the field of accounting and reporting (except for the banking system), participation in the development of investment, price, monetary, foreign exchange and other policies assigned to the ministry;

-development of forecasts for fiscal, investment and other macroeconomic indicators;

-development of proposals on the priorities of budget financing of various sectors of the economy, management of the development of the medium-term state budget of the country, the budgetary process;

- ensuring effective operational management of the republican budget funds, including taking into account the implementation of measures for servicing and repaying the country's external and internal public debt;

-development of regulatory legal frameworks and implementation of the unity of the budgetary system to ensure a unified social and economic policy, including budgetary and tax policy;

- ensuring the independence of budgets (the republican budget, the budgets of the Gorno-Badakhshan Autonomous Region, regions, the city of Dushanbe, cities and districts of the republic) on the basis of their own sources of income and the rights to direct their use and expenditure, fixing the law of revenue sources for each level of budgets and deductions from state taxes and income;

- drafting the state budget of the Republic of Tajikistan based on macroeconomic forecasts and programs of socio-economic development of the country and regions, organizing budget execution in terms of revenues and expenditures based on the treasury system, drawing up a report on the execution of the state budget of the Republic of Tajikistan;

- use of financial resources to ensure the fulfillment of state functions, social and economic development of the country;

-improvement of the forms of financial relations between the state by institutions functioning in the sphere of economics and independent economic entities;

- on the basis of tax policy, determining the necessary sources of replenishment of the state budget, the ratio of revenues and expenditures of the state budget, ensuring the economic development of the country and increasing the welfare of the people;

-development of a unified methodology for drawing up budgets of all levels and reports on their implementation;

-determination of sources of financing of the republican budget deficit through borrowing in the capital market;

- management of public external debt, its servicing, including the fulfillment of debt obligations under guarantees issued by the Government of the Republic of Tajikistan, borrowing, registration, accounting, monitoring and control over the targeted use of borrowed funds received under a loan agreement (agreement) that has a state guarantee in in the order established by the Government of the Republic of Tajikistan.

- development of projects of the program of state external borrowing for the coming year based on a long-term forecast of economic development and taking into account the program of public investments, making proposals to the Government of the Republic of Tajikistan on the need to attract borrowed funds, participation in negotiations with foreign creditors, according to decisions of the Government of the Republic of Tajikistan, provision of state guarantees , management and implementation of the activities of the interdepartmental commission on external debt, organized for effective control over the attraction of external borrowings.

- determination of priorities in the formation, development, regulation of relations and the creation of an appropriate infrastructure in the securities market;

- implementation of state registration of issues of securities of issuers, admission and control of circulation of securities on the stock market, establishment of mandatory requirements and control over the activities of professional participants, representation of the rights of participants in the securities market;

-preparation of the procedure for conducting and implementation of the issue and placement of treasury bills, debt obligations, government bonds, winning loans and republican lotteries;

-participation in the definition and implementation of state policy in the field of antimonopoly activities and pricing;

-development of drafts of normative legal acts regulating the financial activities of economic sectors;

-participation in the development and implementation of a unified policy in the field of formation and use of state resources of precious metals and precious stones, mining, processing, production and development, the market of precious metals, precious stones and other values;

- preparation and submission for consideration and approval to the Government of the Republic of Tajikistan for each forthcoming year the sizes (quotas) for the sale from the State Fund in the domestic and foreign markets of precious metals, precious stones and products from them;

- determination with the relevant ministries of the procedure for accounting, reporting and storage of precious stones, precious metals and products from them;

- control over the processing, use, snoring and accounting of precious metals, precious stones in all organizations and individual entrepreneurs who carry out this activity;

- implementation of internal audit and control over the targeted and effective use of budgetary funds in budgetary organizations and within their competence, control over the progress of budget execution at all levels;

- implementation of methodological management of accounting and financial reporting (except for credit institutions), implementation of measures to further improve the regulatory framework of accounting and audit;

- development and implementation of International Accounting (Financial) and Reporting and Auditing Standards. Organization of training (education) of auditors, issuance of an audit qualification certificate and licenses for the right to carry out audit activities;

- implementation of state control over compliance with the requirements of insurance legislation by all insurance organizations on the territory of the Republic of Tajikistan and ensuring the protection of the rights and interests of policyholders, insurers and the state;

- development of proposals to reduce the cost and reduce the number of administrative staff, the cost of maintaining government bodies and local executive bodies of state power;

- registration of staffing tables and cost estimates for the maintenance of the administrative apparatus of budgetary organizations;

- ensuring the implementation and observance of legislation on taxes, fees, and other obligatory payments, control over the correctness of calculation, completeness and timeliness of payment of taxes, fees and other obligatory payments to the state budget and state funds, as well as ensuring compliance with other legislation and regulatory legal acts, control over the execution of which is entrusted to the bodies of the Ministry in accordance with the legislation of the Republic of Tajikistan;

- implementation of foreign exchange control in accordance with the legislation of the Republic of Tajikistan on foreign exchange regulation and foreign exchange control within the competence of the financial authorities, determined by the legislation of the Republic of Tajikistan;

- ensuring, within its competence, economic security and protection of the economic interests of the Republic of Tajikistan;

- implementation of international cooperation in the field of tax relations in order to integrate the economy of the Republic of Tajikistan into the international economic space (into the world economy), taking into account the economic interests of the Republic of Tajikistan;

- general management and coordination of activities to ensure receipts to the state budget and state funds of state revenues and fees by all authorized bodies;

- effective implementation of the unified insurance policy pursued in the republic;

- to request from large state-owned enterprises, the list of which is determined by the Government of the Republic of Tajikistan, the financial plan for the coming year and their reports on financial and economic activities and a report on external audits;

- to make appropriate decisions with the requirement that all government agencies and enterprises and the National Bank of Tajikistan provide information on their contingent liabilities;

- printing and publishing of securities.

The Ministry of Finance, in accordance with the tasks assigned to it, exercises the following powers:

- develops proposals and implements measures to improve the budgetary system of the state, develop a mechanism for budgetary relations with local executive bodies of state power;

-presents a forecast of the socio-economic development of the state for the long, medium and short term;

-implements a set of measures for financial recovery and restructuring of the national economy, macroeconomic policy, state support and protection of the interests of domestic producers of goods, performers of work and services;

- determines the main directions of credit, monetary policy of the state, improving the state of settlements and payments in the economy;

- takes measures for state target programs and ensuring their financing from the state budget in the prescribed manner;

- provides general methodological guidance in the field of financial and budgetary planning and financing of budgets of all sectors and levels;

- carries out budgetary regulation, including with budgets of all levels, also in relations with the National Bank of Tajikistan and other economic institutions;

- analyzes financial issues related to international economic cooperation of the state, and develops appropriate proposals for the Government of the Republic of Tajikistan;

- develops draft laws and regulatory legal acts of the Republic of Tajikistan on budgetary and tax issues;

- prepares proposals and takes part in the development of draft interstate agreements (conventions) on tax issues;

- determines the methodology for the formation of the cost of work and services by state enterprises and institutions, as well as cost rates for certain groups of costs included in the cost of goods, works and services;

- jointly with government and executive authorities develops proposals on tax policy, the development of tax legislation and the improvement of the state tax system, and also participates in the development of proposals on the establishment of the rates of customs tariffs, the procedure for collecting customs duties;

- implements the state policy in the field of issuance, placement, printing and publication of government securities, develops the main directions for the development of the securities market and coordinates the activities of state bodies on the regulation of the securities market;

- develops a regulatory legal framework for the securities market:

- maintains a unified state register of joint-stock companies, a register of enterprises with foreign investments, a register of lottery entities, registers issues of securities, draws up a financial opinion on the constituent documents of enterprises with foreign investments, keeps records of shares and dividends owned by the state, controls services for maintaining and keeping the register of shareholders and certifying the rights of holders of securities, and also issues licenses for the activities of pawnshops, organizing and owning sweepstakes and gambling establishments, in the exchange sphere, professional participants in the securities market;

- develops the rules for conducting republican lotteries;

- regulates the issues of receivables and payables of liquidated state enterprises and institutions;

- conducts, together with the National Bank of Tajikistan, operations to service the state external debt of the Republic of Tajikistan;

- Carries out planning, accounting, control and analysis of financing the republican budget deficit through external and internal borrowing;

- participates in the consideration of issues related to the implementation and execution of interstate settlements on the basis of restructuring of external debt, as well as the feasibility of attracting foreign loans under a state guarantee;

- conducts the work of the executive secretariat of the interdepartmental commission on external debt to summarize the results of expert and analytical work to assess their compliance with the criterion of urgency, repayment, interest rate, external debt limit, grant element and compliance with international legal acts and legislation of the Republic of Tajikistan;

- participates in the preparation and development of regulatory legal acts that determine the procedure and procedures for borrowing and managing state and guaranteed by the Government of the Republic of Tajikistan debt, its repayment and maintenance;

- provides interaction and cooperation with government bodies, banks, enterprises and other organizations on issues related to the implementation of the tasks of the ministry;

- ensures cooperation with specialized organizations, including foreign ones, on the creation and functioning of an effective system of public debt management in the Ministry of Finance;

- participates in the formation of the State Fund of Precious Metals and Precious Stones of Tajikistan (State Fund of Tajikistan), ensures the purchase and replenishment, sorting, assessment, accounting and preservation of precious metals, precious stones and products containing them;

- develops and approves the procedure for determining prices for precious metals, precious stones and products from them, purchased in the State Fund of Tajikistan and sold from it, develops with interested organizations the necessary measures to regulate the market of precious metals and precious stones in Tajikistan;

- carries out state control over the quality of sorting, classification, assessment and sale of semi-precious stones, ensures the participation of state inspectors in the activities of mining and other organizations, specialized customs posts in cases stipulated by the legislation of the Republic of Tajikistan, and also issues licenses to carry out purchases from the population jewelry and other household items made of precious metals and precious stones, scrap of these items, wholesale and retail trade of jewelry made of precious metals and precious stones;

- develops, with the participation of the Ministry of Economic Development and Trade of the Republic of Tajikistan, and approves the calculated, selling and other types of prices for precious stones mined and processed in the state, analyzes the dynamics of prices in the world market of precious stones through their processing and sale in the prescribed manner;

- organizes and conducts assay supervision in the republic in accordance with the legislation of the Republic of Tajikistan, establishes the dimensions of assay protection for approbation and branding of products made of precious metals, as well as examination of materials;

- approves the structure and composition of the budget classification, chart of accounts, standard forms of accounting and reporting, instructions for their use and the procedure for drawing up reports of banking and credit organizations;

- defines conceptual issues of the development of accounting methodology, accounting (financial) reporting and audit for all sectors of the economy;

- develops a system for monitoring and exercising control over the observance of regulatory legal acts on accounting and auditing;

- organizes the formation and stable functioning of the Public Institute of employees of the financial authorities, professional accountants and state auditors;

- monitors the progress of financing from the state budget of the Republic of Tajikistan through the central treasury;

- sets the terms and forms of budget reporting;

- improves the system of treasury execution of the state budget; exercises control over the planned execution of the republican and local budgets;

- prepares and publishes periodic reports on the execution of the state budget;

- develops instructions, forms of accounting and reporting on treasury execution of the state budget for revenues and expenses, keeps records of assets, internal and external debts;

- conducts, within its competence, internal and thematic audits, prepares an analysis of receipts and expenditures of the state budget and pursues a unified technical policy in the field of informatization of its territorial bodies;

- ensures control over the safety of funds and material values, the reliability of state reporting in the economy of the state by conducting checks on interaction with law enforcement and other state bodies;

- Carries out the registration of insurance organizations and the issuance of licenses to insurers for the right to carry out insurance activities, the maintenance of the state register of insurance organizations and control over compliance by insurance organizations with the current legislation on insurance;

- participates in negotiations on the conclusion and in the preparation of intergovernmental (interstate) agreements on the avoidance of double taxation of income and property, other international treaties and agreements affecting the economic interests of the Republic of Tajikistan, and, within its competence, implements these agreements (treaties);

- within the limits of its competence, performs the functions of a currency control body, and also provides control over currency transactions in accordance with the legislation of the Republic of Tajikistan;

- ensures, in accordance with the legislation of the Republic of Tajikistan, the creation of information systems, automated workstations and other means of automation and computerization of the work of the ministry's bodies;

- organizes work on training, retraining and advanced training of personnel for the system of ministry bodies;

- in accordance with the legislation of the Republic of Tajikistan, exercises the powers of the owner to manage and dispose of the assigned property;

- organizes and implements measures to identify, prevent and suppress malfeasance in the system of financial institutions;

- ensures timely and complete consideration of complaints and appeals;

- ensures the functioning in its system of research institutions and educational institutions of professional and additional education;

- carries out analysis and monitoring of the financial condition of large state-owned enterprises, the list of which is determined by the Government of the Republic of Tajikistan, and submits proposals for improving their financial and economic activities;

- considers and approves financial plans of large state enterprises, the list of which is determined by the Government of the Republic of Tajikistan;

- if necessary, makes proposals on amendments to the financial plans of large state enterprises, the list of which is determined by the Government of the Republic of Tajikistan;

- upon receipt of information from state institutions and enterprises, the National Bank of Tajikistan on their contingent liabilities assesses it in terms of completeness, validity of the assessment, quality of description, gives recommendations to reporting organizations, if necessary, and also publishes this information on its website. In addition, informs the Government of the Republic of Tajikistan about the need to take adequate measures to reduce or prevent the emergence of new contingent liabilities or improve the management of existing liabilities.

3.3. Organization of activities of the Ministry of Finance of the Republic of Tajikistan

The Ministry of Finance is headed by a minister appointed and dismissed by the President of the Republic of Tajikistan. The minister is personally responsible for the fulfillment of the tasks and responsibilities assigned to the ministry. The minister has deputies, including one first deputy appointed to the position and dismissed from office upon his provision by the Government of the Republic of Tajikistan. The distribution of duties between the deputy ministers is made by the minister.

The Minister, within the limits of his competence:

- issues orders, orders, instructions and gives instructions that are binding on all employees of the Ministry, organizations, institutions; checks their implementation;

- appoints and dismisses employees of the central office of the ministry, heads and chief specialists, organizations and institutions of the ministry system, heads and deputies of the State Assay Supervision, the State Insurance Supervision Service, heads of financial bodies in regions, cities and districts of the Republic of Tajikistan in agreement with heads of regions, cities and districts;

- appoints and dismisses from office on the proposal of the heads of territorial financial bodies, organizations and institutions of the ministry system, deputy heads of services, agencies and institutions, deputy heads of territorial bodies;

- submits for the consideration of the Government of the Republic of Tajikistan proposals on the appointment and dismissal of deputy ministers, heads of the Agency for the Development of the Securities Market and a specialized registrar, the State Vault of Values;

- approves the regulations on the structural subdivisions of the ministry, territorial bodies, as well as, in the prescribed manner, the regulations of organizations and institutions of the ministry system;

- approves the annual work plan and performance indicators of the system of the ministry of services and agencies, as well as a report on their implementation;

- approves, within the limits established by the Government of the Republic of Tajikistan, the number, structure and payroll of employees of the central office, the staffing of the central office of the Ministry;

- approves the number and payroll of employees of organizations and institutions of the ministry system, their structure within the indicators established by the Government of the Republic of Tajikistan, as well as cost estimates for their maintenance within the limits approved for the corresponding period of budgetary allocations provided in the state budget for public administration.

Collegium of the Ministry of Finance

A collegium is formed in the ministry, consisting of the minister / chairman /, deputy ministers by office, as well as heads of structural divisions of the central apparatus, organizations and institutions of the ministry system. The members of the collegium, except for the persons included in it ex officio, are approved by the Government of the Republic of Tajikistan upon the recommendation of the Minister. The Board at its meetings considers the main issues within the competence of the Ministry.

The decision of the collegium is adopted by a majority of votes of its members, drawn up in protocols and implemented by orders of the minister. In case of disagreement between the minister and the members of the collegium, the decision is made by the minister, reporting on the disagreements that have arisen to the Government of the Republic of Tajikistan;

- members of the collegium can also communicate their opinion to the Government of the Republic of Tajikistan.

To consider proposals on improving the methodology of budgetary and financial regulation and financing of the state economy, the methodology of accounting and reporting, organization of audit, methodological, coordinating and advisory bodies (councils, commissions, working groups) can be created in the ministry, including an interdepartmental one on relevant issues from highly qualified specialists, employees of scientific institutions, representatives of other organizations. The composition and regulations on them are approved by the minister.

 Financing of expenses for the maintenance of the central apparatus of the ministry and the bodies included in the management scheme of the ministry, as well as the organization and establishment of the ministry's system, are carried out at the expense of the republican budget and, in the prescribed manner, at the expense of special funds and self-supporting activities.

 The Ministry is a legal entity, has a seal with the image of the State Emblem of the Republic of Tajikistan with its name in the state and Russian languages, corresponding seals, stamps, forms and is financed from the single treasury account.

**Structure of the central office of the Ministry of Finance of the Republic of Tajikistan**

- Top Management;

-General Department of the State Budget;

- Main Directorate of Tax Policy and State Taxes;

-The Main Department of the Central Treasury;

-General Administration of Public Debt and Public Financial Assets;

- Office of the Secretariat;

- Management of budgetary policy in the sectors of the economy;

-Management of budgets of public authorities and administration;

-Department of Defense and Law Enforcement Budgets;

-Management of accounting and auditing methodology;

- Department of Internal Audit and Control;

- Office of Precious Metals and Stones;

-Management of personnel and budgets of financial authorities;

-Management of affairs;

-Legal Department;

-Department of computer programming and information;

-Department for monitoring the financial and economic activities of large state-owned enterprises.

**Management scheme of the Ministry of Finance of the Republic of Tajikistan**

-Central apparatus;

-General Department of Finance of the Gorno-Badakhshan Autonomous Region, regions and the city of Dushanbe;

-Finance departments and departments of cities and regions;

-State Assay Supervision (Gosprobirnadzor);

-State storage of valuables (Goskhran);

-State Service of Insurance Supervision (Gosstrakhnadzor);

- Agency for the Development of the Securities Market and a specialized registrar.

**Self-study assignments:**

1. Prepare for an oral discussion of the topic.

2. Answer self-control questions.

3. Complete the proposed tasks.

4. Prepare abstracts on topics:

- "Main provisions of financial legislation in the Republic of Tajikistan",

- "The main tasks of the Ministry of Finance of the Republic of Tajikistan".

5. Answer test questions.

6. Make an additional glossary on the topic.

**Questions for self-control:**

1. What are the powers of the Government of the Republic of Tajikistan?

2. What are the powers of representative bodies of local government?

3. What are the powers of the local executive body?

4.What are the powers of the Tax Committee under the Government of the Republic of Tajikistan

5. What are the powers of the Ministry of Finance?

6. What are the functions and tasks of the Ministry of Finance of the Republic of Tajikistan?

7. Who is on the Board of the Ministry of Finance?

**Task**:

1.ИзучитеЗакон Республики Таджикистан «О государственных финансах Республики Таджикистан», дайте характеристику его основных положений.

2.Охарактеризуйте структуру финансовых органов Республики Таджикистан.

3.Назовите важнейшие законодательные акты Республики Таджикистан, регулирующие финансовую деятельность, оцените их количество как достаточное, недостаточное, избыточное. Обоснуйте свой выбор.

**Quiz**

1. In the Republic of Tajikistan, public finances in accordance with the legislation of the Republic of Tajikistan are managed by the following bodies:

A) President of the Republic of Tajikistan; B) Government of the Republic of Tajikistan; C) Majlisi Milli Majlisi Oliya of the Republic of Tajikistan; D) Ministry of Finance of the Republic of Tajikistan; E) all answers are correct.

2. The state body under the Government of the Republic of Tajikistan, which is the central executive body of state power in the field of ensuring state control over the full and timely payment of taxes, is called:

A) Tax Committee; B) Ministry of Education; C) National Bank; D) Accounts Chamber; E) Cabinet of Ministers.

3. The Ministry of Finance, in accordance with the tasks assigned to it, exercises the following powers:

A) develops proposals and implements measures to improve the state budget system; B) presents a forecast of the socio-economic development of the state for the long, medium and short term; C) implements a set of measures for financial recovery and structural restructuring of the national economy; D) determines the main directions of credit, monetary policy of the state, improvement of the state of settlements and payments in the economy; E) all answers are correct.

4. The state body exercising external control and audit of the financial and economic activities of budgetary institutions in terms of control over the use of state budget funds is:

A) Tax Committee; B) Ministry of Education; C) State Treasury; D) Accounts Chamber; E) Cabinet of Ministers.

5. The finance ministers perform the following functions:

A) submits to Machlisi Oli a draft of the main directions of budgetary policy for the next budget period; B) develops a draft law on the state budget; C) ensures the execution of the state budget; D) submits an annual report on its implementation in Machlisi Oli; E) all answers are correct ...

6. The Ministry of Finance carries out the following functions:

A) coordinates uniform accounting rules for all financial transactions, assets and financial liabilities; B) develops and communicates to the main administrators of budget funds instructions for preparing budget requests and conducts their analysis; C) submits a draft law on the State Budget of the Republic of Tajikistan for consideration by the Cabinet of Ministers and finalizes it after the first and second reading; D) carries out the general organization and management of the implementation of the State budget of the Republic of Tajikistan, coordinates the activities of the participants in the budget process; E) all answers are correct.

7. The state body that provides settlement and cash services to administrators of budgetary funds is called:

A) Tax Committee; B) Ministry of Education; C) State Treasury; D) Accounts Chamber; E) Ministry of Economy.

8. The board of the Ministry of Finance consists of:

A) minister; B) chairman; C) deputy minister; D) heads of structural units; E) all answers are correct.

9.Functions for the preparation and execution of the budget are carried out:

A) executive bodies; B) state extra-budgetary funds; C) legislative bodies; D) state financial control bodies; E) monetary authorities.

10. The state body that exercises control and supervision over the correctness of calculation, completeness and timeliness of the payment of taxes and other obligatory payments to the relevant budget by individuals and legal entities:

A) Tax Committee; B) Ministry of Education; C) State Treasury; D) Accounts Chamber; E) Ministry of Economy.

**Topic 4. Fiscal (fiscal) policy**

**4.1. Concept and main provisions of fiscal policy.**

**4.2 Types of fiscal policy.**

**4.1. Concept and basic provisions of fiscal policy**

**Fiscal policy** represents the measures that the state takes to influence the economy by changing the amount of revenues and expenditures of the state budget.

Often, instead of the term "fiscal", they use its synonym "fiscal" (from the Latin fiscus - the state treasury and fiscalis - referring to the treasury).

Fiscal (fiscal) policy - government measures to change government spending, taxation and the state of the state budget, aimed at ensuring full employment, balance of payments, economic growth in the production of GDP (GNP).

The objectives of fiscal policy are to ensure:

1) stable economic growth;

2) full employment of resources (first of all, solving the problem of cyclical unemployment);

3) a stable price level (solution to the inflation problem).

The main instruments for implementing fiscal policy are tax and budget regulators.

Tax regulators include the established types of taxes and payments, their structure, objects of taxation, subjects of payments, sources of taxes, rates, benefits, sanctions, collection terms, payment methods, etc.

The level of centralization of funds by the state, the ratio between the state and local budgets, the budget deficit, the ratio between the state budget and non-budgetary funds, the budget classification of income and expenditure items, etc. are distinguished as budget regulators.

Fiscal policy is carried out by the government of the country with the participation of the legislature, which approves the budgets of various levels for the coming year.

Budget revenues of all levels are divided into tax and non-tax revenue. At the same time, tax revenues form the bulk of budget revenues from 80 to 95% of budget revenues in different countries and different years.

Tax revenues include revenues to the budget of the corresponding level of own taxes assigned to a given budget and parts of regulatory revenues due to this level of the budget (i.e. taxes for which norms of deductions (in percent) to budgets of different levels are established).

Tax is understood as a mandatory, individually free payment levied from organizations and individuals in the form of alienation of funds belonging to them on the basis of ownership, economic management or operational management of funds in order to financially support the activities of the state and local authorities.

Non-tax budget revenues include:

• income from the use and sale of state-owned property;

• income from paid services provided by budgetary institutions;

• funds received in the form of fines, confiscations, compensation, as well as compensation for harm caused to the Republic of Tajikistan;

• income in the form of financial assistance received from budgets of other levels, except for budget loans, as well as gratuitous transfers from individuals and legal entities, international organizations and foreign governments.

Budget expenditures are divided into current and capital.

Current expenses are associated with ensuring the functioning of government bodies, budgetary institutions, state support for budgets of other levels and individual sectors of the economy, etc.

Capital expenditures provide innovation and investment activities of the state and include investments in existing or newly created organizations; budget loans for investment purposes to legal entities; expenses for major repairs, as well as for the creation or increase of state property. As part of capital expenditures of budgets, a development budget can be formed.

4.2 Types of fiscal policy

The fiscal policy of the state involves the use of the state's ability to collect taxes and spend state budget funds to regulate the level of business activity, to solve real social problems.

Fiscal policy includes the following types:

1) discretionary policy based on strict deliberate intervention in the economy;

2) non-discretionary (automatic) policy based on the automatic stabilization of the economy.

Discretionary policy is called active fiscal policy, it means legislative (official) changes by the state in the amount of government purchases, taxes and transfers in order to stabilize the economy. It can be carried out using both direct and indirect tools. The first include changes in government procurement of goods and services, transfer payments. The second - changes in taxation (tax rates, tax benefits, tax base), the policy of accelerated depreciation.

There are two types of discretionary policy (depending on the phase of the cycle in which the economy is located):

1. Stimulating fiscal policy is carried out during the recession, depression. It aims to reduce the recessionary output gap and reduce the unemployment rate and is aimed at increasing aggregate demand (aggregate spending).

The instruments of the stimulating fiscal policy are:

a) an increase in public procurement;

b) tax cuts;

c) an increase in transfers.

It leads to a budget deficit.

2. Restraining (restrictive) fiscal policy is carried out during the boom and inflation (when the economy overheats). It aims to reduce the inflationary gap in output and reduce inflation and is aimed at reducing aggregate demand (aggregate spending).

The instruments of the restraining fiscal policy are:

a) reduction in public procurement;

b) increasing taxes;

c) reduction of transfers.

It leads to a surplus of the state budget.

Thus, the main purpose of discretionary fiscal policy is to counteract cyclical fluctuations in the economy by stimulating or limiting aggregate demand. Therefore, it is called anticyclic (stabilization).

Consider the impact of fiscal policy instruments on the economy.

The multiplier of government spending μg shows the change in output and income as a result of changes in government spending. It can be calculated using the formula:

μg = ∆Y / ∆G,

where: ∆Y - change in real national product (income);

∆G is the change in government spending.

The multiplier of government expenditures is equal to the multiplier of investments, since they have the same effect on the economy. Indeed, the growth of government procurement (as well as investment) creates additional demand for goods and services, which causes an initial increase in income equal to the growth in government spending. Part of this income, determined by the marginal propensity to consume, will be used for consumption, which will lead to a further increase in aggregate demand and national income, etc. Consequently, changes in government spending set in motion the same process of multiplying national income as changes in private investment. Therefore, the public expenditure multiplier can also be determined by the formula:

μt = 1 / (1 - MPC).

To determine the change in the real national product

(income) obtained as a result of an increase in government procurement, it is necessary to multiply the multiplier μg by the increase in government spending ∆G.



a) stimulating fiscal policy b) restraining fiscal policy.

**Figure 3.1 Types of Fiscal Policy.**

During periods of economic recovery, when private spending is large enough, the state reduces purchases of goods and services. Reducing government spending is accompanied by a downward shift in the total expenditure curve (C + I + G) and leads to a multiplier decrease in the volume of the national product, income.

Just like changes in government procurement, changes in transfer payments, which are an element of government spending, affect the volume of output and income. However, the effectiveness of their influence on demand, and hence on the volume of the national product, is somewhat less. This is explained by the fact that transfer payments to the population lead to an increase in their income, but only a part of them, determined by the marginal propensity to consume (MPC), is used by the population for consumption, increasing total expenditures by the same amount. The mechanism of influence of changes in transfer payments on output and income is similar to that in effect when taxes are changed.

If the state introduces a lump-sum tax on the population (for example, 16 million somoni), this will cause a decrease in consumption (for example, 12 million somoni), which will lead to a reduction in total expenditures by the same amount. A decrease in costs and demand will be accompanied by a decrease in production until a new state of equilibrium occurs.

The tax multiplier is less than the government spending multiplier. This is due to the fact that a change in government procurement by one monetary unit leads to the same change in total expenditures, and a change in the lump sum tax on a monetary unit is accompanied by a change in total expenditures on MRS \* 1. Therefore, the tax multiplier will be equal to:

**μt = MPC \* μg or μt = MPC / (1 - MPC).**

The same formula can be used to calculate the transfer payout multiplier. However, if an increase in taxes leads to a reduction in the national product and income, then an increase in transfer payments, on the contrary, contributes to their increase.

In practice, lump-sum taxes are quite rare. As a rule, taxes rise with an increase in output and income. Consider how changes in proportional tax rates affect total spending and national product.

Let us assume that with a tax rate equal to zero, the economic system will be in equilibrium. Suppose that the state introduces a proportional income tax, the rate of which is t. If the income of the population before the introduction of the tax was Y, then after the tax was levied, the disposable income can be calculated as follows:

**Y - tY = (1 - t) Y.**

Autonomous taxes will not be taken into account in the calculations. This means that from each monetary unit of income, earlier MPC \* 1 was spent on consumption, and now: (1-t) MPC, i.e. the new marginal propensity to consume MPC will reduce the slope of the total cost curve, i.e. to her shift. The equilibrium point will shift, which will lead to a reduction in the volume of national production. Taking into account the new value of the marginal propensity to consume MPCs, the tax multiplier can be calculated using the formula:

**μt '= 1 / (1 - MPC') = 1 / (1-t) MPC).**

To determine by what amount the equilibrium output (income) has decreased when the tax rate t is introduced, it is necessary to multiply the initial reduction in consumer spending resulting from the introduction of the income tax by a multiplier. If before the introduction of the tax the level of national income was Y1 = Q1, then after its withdrawal the disposable income decreased by tY1, and consumer spending - by МРСtY1. Therefore, the equilibrium national income decreased by the following amount:

**dY = - μt 'MPCtY1 = (-1 / (1-t) MPC) MPCtY1**.

Similar reasoning takes place in the opposite case, when the tax rate decreases and the national income increases.

Thus, the implementation of discretionary fiscal policy requires the implementation of measures to balance the state budget, which involves:

1) financing deficits;

2) the elimination of budget surpluses.

There are two main methods of financing the deficit: loans from the population through the sale of securities and the issue of money.

Non-discretionary fiscal policy stems from the fact that, to a certain extent, changes in relative levels of government spending and taxes are automatic. In this case, taxes and transfers act as automatic built-in stabilizers of the economy - shock absorbers of cyclical fluctuations that do not require conscious government intervention. Built-in stability is the mechanism behind the automatic stabilizers.

The state determines the standards for government spending and the amount of tax rates, but not the tax revenues themselves. The latter also change at a constant tax rate.

Automatic fiscal policy is associated with the action of built-in (automatic) stabilizers. Built-in (or automatic) stabilizers are instruments, the size of which does not change, but the very presence of which automatically stabilizes the economy, stimulating business activity during a downturn and holding it back when overheated.

Automatic stabilizers include:

1) income tax (which includes household income tax and corporate income tax);

2) indirect taxes (first of all, value added tax);

3) unemployment benefits;

4) benefits for poverty.

Income tax works as follows: during a downturn, the level of business activity (Y) decreases, and since the tax function is:

**T = tY**,

where: T is the amount of tax revenues;

 t is the tax rate; Y is the amount of total income (output).

In this case, the amount of tax revenues decreases, and when the economy “overheats”, when the amount of actual output is maximum, tax revenues increase. The tax rate remains unchanged. However, taxes are withdrawals from the economy that reduce the flow of expenses and, therefore, income. It turns out that with a decline, the seizures are minimal, and with overheating, they are maximum.

Thus, due to the presence of taxes (even lump-sum, i.e. autonomous), the economy seems to automatically "cool" when overheated and "warmed up" during a recession. The appearance of income taxes in the economy reduces the value of the multiplier (the multiplier in the absence of the income tax rate is higher than with it:

[1 / (1- mpc)]> [1 / (1- mpc (1- t)]),

which enhances the stabilizing effect of the income tax impact on the economy.

It is obvious that the progressive income tax has the strongest stabilizing effect on the economy.

VAT provides built-in stability as follows. In a recession, the volume of sales decreases, and since VAT is an indirect tax, part of the price of a product, when the volume of sales falls, tax revenues from indirect taxes (withdrawals from the economy) decrease. Conversely, when overheated, as total revenues rise, sales increase, which increases indirect tax revenues. The economy will automatically stabilize.

As for unemployment and poverty benefits, the total amount of their payments increases during a recession and decreases during a boom, when there is “over-employment” and income growth. Obviously, in order to receive unemployment benefits, you need to be unemployed, and to receive poverty benefits, you need to be very poor. These benefits are transfers, i.e. injections into the economy. Their payment contributes to the growth of income, and, consequently, expenses, which stimulates the economic recovery during a downturn. A decrease in the total amount of these payments during a boom has a constraining effect on the economy.

In developed countries, the economy is regulated by 2/3 through discretionary fiscal policy and by 1/3 through the action of built-in stabilizers.

The main advantage of non-discretionary fiscal policy is that its instruments (built-in stabilizers) are switched on immediately at the slightest change in economic conditions, i.e. there is practically no time lag.

The disadvantage of automatic fiscal policy is that it only helps to smooth out cyclical fluctuations, but cannot eliminate them. It should be noted that the higher the tax rates, the higher the transfer payments, the more effective non-discretionary policies.

**Self-study assignments:**

1. Prepare for an oral discussion of the topic.

2. Answer self-control questions.

3. Complete tasks and take part in a group project.

4. Prepare abstracts on topics:

- "The essence and concept of fiscal policy";

- “Fiscal Policy Instruments”.

5. Answer test questions.

6. Compile a glossary on the topic.

**Questions for self-control:**

1.Formulate the concept of "fiscal policy", its content.

2. How is the concept of fiscal policy defined and what are its types?

3. Expand the content of the main instruments for implementing fiscal policy.

4. In what cases is an incentive fiscal policy applied, and in what cases is a restrictive fiscal policy?

5. Explain the concepts of "discretionary fiscal policy" and non-discretionary (automatic) fiscal policy. "

6. What activities are included in the discretionary fiscal policy?

7.How does the mechanism of non-discretionary fiscal policy work?

**Tasks:**

1. Make a block diagram showing the structure of fiscal policy, highlighting its main links.

2. Using the example of the fiscal policy of the Republic of Tajikistan, trace the results caused by discretionary and non-discretionary fiscal policy.

3. Group project. Study the Public Finance Management Strategy of the Republic of Tajikistan approved by the Resolution of the Government of the Republic of Tajikistan 2009-2018. Choose one direction of the fiscal policy of the Republic of Tajikistan of your choice. Using the data of the periodical press, analyze it and draw conclusions.

Test

1. The set of financial measures of the state to regulate the economy through changes in state revenues and expenditures is:

A) foreign economic policy; B) financial policy; C) customs policy; D) investment policy; E) fiscal policy.

2. The word "fiscal" in translation from Latin "fiscus" means:

A) subject of tax; B) cash; C) state treasury; D) source of tax; E) budget system.

3. The main instruments for implementing fiscal policy are:

A) resources and raw materials; B) tax and budget regulators; C) discounts and loans; D) money and deposits; E) securities and licenses.

4.Tax regulators include:

A) tax rates; B) subjects of payments; C) tax sanctions; D) tax breaks; E) all answers are correct;

5. The budget regulators are:

A) tax breaks; B) tax rates; C) tax period; D) budget classification; E) tax salary.

6.There are two types of fiscal policy:

A) current and capital; B) commercial and industrial; C) internal and external; D) stimulating and deterrent; E) direct and indirect.

7. A type of fiscal policy that involves an increase in government spending, tax cuts, or a combination of these measures:

A) strategic policy; B) control policy; C) incentive policy; D) restrictive policy; E) deterrent policy.

8. A type of fiscal policy that involves reducing government spending, increasing taxes, or a combination of these measures:

A) restrictive policy; B) incentive policy; C) discount policy; D) functional policy; E) deposit policy.

9. The type of fiscal policy, in which the state changes the amount of government purchases, taxes and transfers in order to stabilize the economy, is:

A) restrictive policy; B) incentive policy; C) margin policy; D) automatic policy; E) discretionary policy.

10. The type of fiscal and tax policy, in which the size of instruments does not change, but the very presence of which automatically stabilizes it, stimulating business activity during a downturn and restraining it when overheating, is:

A) restrictive policy; B) incentive policy; C) margin policy; D) automatic policy; E) discretionary policy.

**Topic 5. Economic content and functions of taxes**

**5.1. The essence and concept of taxes.**

**5.2. Functions and basic principles of taxation.**

**5.3 Classification of taxes.**

**5.1. The essence and concept of taxes**

**Tax** – it is a mandatory, individually free, relatively regular and statutory fee established by the state, paid by persons recognized as taxpayers in order to financially support the activities of the state.

It is in taxes that the entire set of interests emerging in any national economy is concentrated, regardless of the level of development, forms of organization of society and state structure of the country. It follows from this that the tax is a complex category, i.e. simultaneously economic, financial and legal.

A tax is recognized as a mandatory payment to the budget made in a certain amount, which is mandatory, irrevocable and free of charge. Taxes are calculated in monetary terms and are paid in national currency.

Tax is an economic category, since the monetary relations that develop between the state and legal entities and individuals are objective in nature and have a specific public purpose - the mobilization of financial resources at the disposal of the state.

At the same time, tax is a financial category. Taxes are characterized by common properties inherent in all financial relations, are objective in nature, based on the existence of various forms of ownership, are implemented through the social form of movement, i.e. functions, and specifically express one of the particulars of real-life financial relations.

At the same time, tax is also a legal category. Taxes express objective, legally formalized relations between the state and taxpayers in the form of tax legislation, a basic component of state financial law. The tax is therefore a rule of law because it cannot be paid otherwise than by law.

 The simplest definition of taxes is as follows: taxes are mandatory payments from the population, enterprises and other economic entities levied by the state (central and local authorities).

 Here are three characteristics of taxes:

1. The payer of taxes, paying certain amounts of money to the state, does not directly receive in return any goods or services. There is no direct link between the amount of taxes paid by a specific payer and the amount of public goods that will be consumed by him. This distinguishes the tax from a price (like payment for the voluntary consumption of a good or service), a license or a commission, which may be mandatory or voluntary, but which are always associated with the extraction of a certain benefit (benefit) from the service provided by the government.

The lack of a direct, visible to everyone relationship between the amount of taxes paid to the state and the economic and social benefits received from it gives taxpayers a reason to view taxation as a burden, although they may approve of the direction of government spending financed from taxes.

2. Taxes are compulsory payments. And although the responsibility for the completeness and timeliness of payment of taxes lies with the taxpayer, they are paid not voluntarily, but without fail, and the state severely punishes those who evade taxes;

3. Through the payment of tax in favor of the state, a part of the income is collected, which is determined in advance and, which is especially important, is legally determined.

The legislation of most countries, including the Republic of Tajikistan, stipulates that only the highest legislative power and its authorized bodies can establish taxes and determine their amount. No one has the right to establish new taxes or determine their size at their own discretion and will. The legal, legal nature of payments is the main characteristic of taxes.

Basic elements of taxes:

-subject of tax;

-object of taxation;

- unit of taxation;

-the tax base;

-taxable period;

-tax rate;

-tax benefits.

Actually, through these elements in the laws on taxes, the entire tax procedure is established:

- subject of tax (taxpayer) - that person, legal or natural, who is obliged by law to pay tax;

- object of taxation - an action, condition or subject subject to taxation (property, profit, added value, transactions for the sale and purchase of goods, other objects that have a value, quantitative or physical characteristics);

- unit of taxation (scale of tax) - a quantitative measure of the object of taxation determined by law (for personal income tax - somoni);

- tax base - value, physical or other characteristics of the taxable object, only that part of the tax object to which the tax rate is applied by law;

- tax period - a calendar year or another period of time in relation to individual taxes, at the end of which the tax base is determined and the amount of tax payable is calculated;

- tax rate (tax rate) - the amount of tax per unit of measurement of the tax base. Tax rates can be fixed (specific), interest, marginal, actual and economic;

-tax benefits- full or partial tax exemption of the entity in accordance with applicable law.

**5.2. Functions and basic principles of taxation**

The economic essence of taxes is manifested through their functions, which are implemented directly in the process of taxation: they reflect the system of relations, the relationship between the state and the individual taxpayer.

Each of the functions performed by the tax shows an intrinsic property, signs and features of this economic category, and also shows how the social purpose of the tax is realized as part of a single reproduction process, an instrument of value distribution and redistribution of income.

Functions represent the forms of movement of taxes as a financial category, predetermine their role and significance in the entire set of financial relations; implement one or another value of the tax, in interaction forming a system; predetermine state tax policy and its impact on the economic situation in the country.

Consider the essence and mechanisms of tax functions:

1. The fiscal function (from the Latin fiscus - the state treasury) is the main function of the tax. The fiscal function means that the government implements fiscal policy by imposing and levying various types of taxes to cover costs. Through this function, the main purpose of taxes is realized, a balance of the state budget is achieved by reducing the budget deficit;

2. Distribution function - the essence of this function is that with the help of taxes through the budget and extra-budgetary funds established by law, the state redistributes financial resources from the production sphere to the social sphere, finances large intersectoral target programs of national importance;

3. Stimulating function - affects the reproduction process itself. Its practical implementation is carried out through a system of tax rates, benefits, deductions, loans, financial sanctions;

4. Regulatory function - manifests itself as state intervention in the economy. This function is carried out through the tax mechanism. For example, to support the development of small and medium-sized businesses, the method of full or partial tax exemption is used, i.e. there is a regulation of production aimed at the development of the necessary industries that meet the needs of the population, accelerating the rate of economic growth;

5. Control function - closely related to distributive and fiscal functions. Its mechanism manifests itself in checking the efficiency of management and in monitoring the effectiveness of the state's economic policy. The developed control function allows for comprehensive control over the completeness and timeliness of tax receipts to the state budget, and prevents tax evasion.

The classical principles of taxation are essential, basic provisions concerning the expediency and assessment of taxes as an economic phenomenon. They were first formulated in 1776 by Adam Smith in his work "Investigation of the Nature and Causes of the Wealth of Nations". A. Smith identified five principles of taxation:

1. The principle of justice;

2. The principle of certainty;

3. The principle of convenience;

4. The principle of economy.

The economic literature also distinguishes the following principles of taxation:

-economic principles of taxation;

-the legal principles of taxation (principles of tax law);

- organizational principles of the tax system.

The economic principles of taxation include:

- The principle of economic independence and freedom of the taxpayer, based on the right of private property;

- The principle of proportionality lies in the ratio of the budget replenishment and the consequences of taxation that are unfavorable for the taxpayer. This principle can also be formulated as the principle of economic balance between the interests of the taxpayer and the state treasury;

- Social justice - the establishment of tax rates and tax incentives that have a sparing effect on low-income enterprises and groups of the population.

There are the following types of social justice:

- The principle of horizontal equity assumes that, under equal conditions of income, the application of approximately equal conditions of taxation to taxpayers.

-The principle of vertical justice implies softer taxation conditions for entities working in more difficult economic conditions, and more difficult for entities that have the ability to more easily generate income;

-The principle of maximum consideration of interests and opportunities of taxpayers. This principle is one of the most important economic provisions. In accordance with it, taxation should be characterized by certainty and convenience for the taxpayer. Another manifestation of this principle is the awareness of the taxpayer - the taxpayer must be informed about all changes in tax legislation in advance, as well as the simplicity of calculating and paying tax.

-The principle of efficiency means that the amount collected for each individual tax must exceed the cost of collecting and maintaining it.

The legal principles of taxation include:

-The principle of legality;

-Principle of observance of human and civil rights and freedoms;

-Principle of accountability and accountability to higher authorities.

The organizational principles of taxation include:

-The principle of universality - tax coverage of all economic entities receiving income;

-Principle of stability - stability of types of taxes and tax rates over time;

-The principle of obligation - the compulsion of the tax and the inevitability of its payment;

-The principle of convenience, according to which the tax should be collected at such a time and in a manner that is most convenient for the payer;

-The principle of certainty means that the amount, method, time of payment must be clearly fixed in tax legislation and were known to the taxpayer in advance;

-The principle of compliance with the common economic space - the establishment of taxes and fees that do not violate the common economic space of the Republic of Tajikistan and, in particular, do not directly or indirectly restrict the free movement of goods (works, services) or financial resources within the territory of the Republic of Tajikistan.

5.3 Classification of taxes

Tax system - it is a set of taxes established by state authorities, as well as methods and principles of tax construction.

Principles of the tax system:

1. Individuals and legal entities are obliged to pay all types of established taxes, of which they are payers;

2. It is forbidden to impose on a person the obligation to pay taxes not established by the Tax Code of the Republic of Tajikistan;

3. Tax - represents a monetary obligation to the state, and is payable to the state budget;

4. Local government bodies have the right to introduce only established local taxes.

The plurality of taxes, their different purpose and structure make it necessary to classify taxes. The tax system includes various types of taxes classified according to different criteria. The grouping of taxes according to the methods of their establishment, collection, the nature of the applied rates and objects of taxation, as well as according to some other characteristics, is a classification of taxes. This classification is presented in the table below.

**Table 5.1.**

**Tax classification**

|  |  |  |
| --- | --- | --- |
| **№** | **Tax classification** | **Types of taxes** |
| 1 | By belonging to the level of power | -state;- local; |
| 2 | By subject of payment | - taxes levied only from legal entities;- taxes levied only from individuals;- taxes levied from both legal entities and individuals; |
| 3 | By belonging to the links of the budget system | - fixed;-regulatory; |
| 4 | By collection method | - straight;- indirect; |
| 5 | By taxation method | - taxes levied at the source;- taxes levied on the declaration;- taxes levied according to the inventory; |
| 6 | At the applicable rate | -proportional;- progressive;- regressive; |
| 7 | By appointment | -general;-special; |
| 8 | By tax source | - taxes paid from profits;- taxes paid at the expense of costs;- taxes paid on the total amount of proceeds; |

**I. By belonging to the level of government, the following types of taxes are distinguished:**

**1. Government taxes** - compulsory payments established and collected by the state from individuals and legal entities.

1. Local taxes are compulsory payments of legal entities and individuals that go to the budgets of administrative-territorial units.

National taxes in the Republic of Tajikistan include:

1) income tax;

2) income tax;

3) value added tax;

4) excise taxes;

5) social tax;

6) taxes for the use of natural resources;

7) tax on road users;

8) Sales tax for cotton fiber and primary aluminum.

Local taxes include:

1) vehicle tax;

2) taxes on real estate.

1.Income tax

Income tax payers are resident and non-resident individuals who have taxable objects.

The object of taxation is taxable income, including any income received by the following taxpayers, regardless of the place and method of payment, determined for the tax period as the difference between gross income and deductions of expenses:

- individuals who are residents from sources in the Republic of Tajikistan and (or) from sources outside the Republic of Tajikistan;

- individuals who are not residents, from sources in the Republic of Tajikistan.

The gross income received by an individual is divided into the following groups:

- income taxed at the source of payment;

- income not taxed at the source of payment.

The tax base of income tax is the taxable income received by individuals - residents and non-residents, determined for the tax period as the difference between gross income and deductions of expenses.

A non-resident individual operating in the Republic of Tajikistan through a permanent establishment is a payer of income tax in respect of taxable income associated with a permanent establishment and defined as the difference between the gross income from sources in the Republic of Tajikistan associated with a permanent establishment and the amount of deductions associated with the income received.

A non-resident individual who receives from a source in the Republic of Tajikistan income from the sale or transfer of property and (or) property rights not associated with his permanent establishment in the Republic of Tajikistan is a payer of income tax on gross income of this type, reduced by the amount of deductions and attributable to that income. If the relevant tax on income from the sale or transfer of property and (or) property rights was paid by the specified non-resident individual, the legal entity in which this non-resident had (has) property rights, or its tax agent paying income to the non-resident, is obliged without deduction withholding expenses and paying tax.

When imposing income tax, the employer is not allowed to deduct from the gross income of an individual – employee of expenses related to the employment of this employee.

For each type of income of an individual, in respect of which different tax rates are established, the tax base is determined separately.

All types of income, remuneration and benefits of an individual paid in favor of an individual in cash, in kind and in intangible form, except for income exempt from income tax, are related to the gross income of this individual, including:

- income received in the form of wages;

- income from activities other than employment;

- any other income.

**Income in the form of wages**

Any payments, benefits or remuneration, including in kind and in non-material form, received by an individual, regardless of the form and place of payment, are considered income received in the form of wages, including:

- income from employment;

- income from the provision of services (performance of work) in accordance with contracts of a civil nature or without them, including remuneration under copyright contracts, with the exception of contracts, the subject of which is the transfer of ownership or transfer of property rights;

- income from previous employment, received in the form of a pension or in another form, or income from future employment.

The income received by the taxpayer in the form of wages includes the following forms of payment in kind:

- wages in kind;

- the value of property received free of charge.

The cost of work performed free of charge, services rendered is determined in the amount of expenses incurred in connection with such performance of work, provision of services;

- payment by the employer of the cost of goods, work performed, services rendered received by the employee from third parties.

Income of an individual from activities not related to employment

The following income from non-entrepreneurial activities of an individual represents income of an individual from activities other than employment:

- interest income;

- dividends;

- income from the lease (lease) of property and (or) increase in value from the sale of property;

- royalties;

- the amount of forgiveness of the taxpayer's debt by his creditor.

The income of an individual from activities not related to work for hire also includes any benefit and (or) other income received by him, except for income in the form of wages and (or) income from individual entrepreneurial activity.

Income tax rates

The taxable income of an individual who is an employee at the main place of work is subject to income tax at the following rates:

Table 5.2.

**Income tax rates**

|  |  |  |
| --- | --- | --- |
| № | **Taxable income (per month)** | **Amount and tax rate** |
| 1. | Does not exceed personal deduction | No income tax |
| 2. | Over the amount of personal deduction up to 140 somoni | 8 percent of the amount of taxable income in excess of the personal deduction |
| 3. | Over 140 somoni | Line 2 tax amount plus 13 percent of taxable income in excess of 140 TJS |

The taxable income of a natural person is taxed at the rate of 13 percent without any deductions, except for the deduction for paid social tax for the insured person.

Taxable income in the form of wages of a non-resident individual is taxed at a rate of 25 percent.

The following types of personal income are not subject to income tax:

1) income from official diplomatic (consular) and equivalent to diplomatic work in the Republic of Tajikistan and outside the Republic of Tajikistan of a person who is not a citizen of the Republic of Tajikistan;

2) the value of property in natural (intangible) and (or) monetary forms received from individuals by inheritance or donation, with the exception of income received from this property, including remuneration paid to heirs (successors), authors of works of science, literature, art, as well as discoveries, inventions and industrial designs;

3) the value of gifts and prizes (winnings) received from legal entities at contests and competitions, including in cash, if:

a) the value of gifts received from legal entities does not exceed 100 indicators for settlements per year;

b) the value of prizes (winnings) received at international competitions and competitions does not exceed 500 indicators for calculations per year;

c) the value of prizes (winnings) received at republican contests and competitions does not exceed 100 indicators for calculations per year.

4) state and insurance pensions, state scholarships, state benefits and state compensations.

5) alimony for persons receiving them, remuneration to donors for donated blood, breast milk and other assistance;

6) one-time payments and material assistance at the expense of the budget, provided in accordance with regulatory legal acts, the amount of payments by the employer to an individual-resident of travel expenses within the established norms, the amount of reimbursement of travel expenses at the expense of international organizations and their institutions, funds, non-governmental organizations - non-residents, as well as humanitarian and charitable assistance, including in case of natural disasters;

7) increase in value from sale or other form of alienation:

a) residential buildings (premises) that were the main place of residence of the taxpayer for at least 3 recent years prior to the moment of alienation;

b) other real estate owned by the taxpayer for at least 2 (two) years prior to the date of alienation.

8) increase in value from the sale or other form of alienation of tangible movable property, except for:

a) property used by the taxpayer for entrepreneurial activity;

b) power-driven vehicles and trailers subject to state registration and owned by the taxpayer for at least one year before the date of alienation;

c) antique property.

2. Income tax

Income tax is a direct tax levied directly on the profits of legal entities.

Income tax payers are legal entities.

The object of taxation for income tax for a resident is gross income, reduced by the amount of deductions. Gross income consists of income, remunerations and benefits of the taxpayer in cash and in kind (intangible), including all receipts leading to an increase in the net worth of the taxpayer, except for receipts exempt from income tax.

The object of taxation of a non-resident operating in the Republic of Tajikistan through a permanent establishment is his gross income from sources in the Republic of Tajikistan associated with a permanent establishment, reduced by the amount of deductions.

The tax base is the gross income for the tax period, reduced by the amount of deductions established by the Tax Code.

The gross income of a resident consists of income to be received (received) by a given person in the Republic of Tajikistan and abroad during the tax period.

The gross income of a non-resident operating in the Republic of Tajikistan through a permanent establishment consists of the income associated with this permanent establishment to be received (received) by this person.

The tax base of a non-resident in the case of receiving income from sources in the Republic of Tajikistan that are not associated with a permanent establishment is gross income.

For income tax purposes, the following are not considered income:

- the value of the property received by the taxpayer as a share contribution and (or) a contribution to the authorized capital;

- the amount of money received by the issuing taxpayer from the placement of its issued shares.

For each type of income, in respect of which different tax rates are established, the tax base is determined separately.

The following are exempt from income tax: new enterprises for the production of goods, starting from the date of initial state registration, when their founders enter the authorized capital of such enterprises within 12 calendar months after the date of state registration of the following investment volumes, for a period of:

a) 2 years, if the volume of investments is over 200 thousand US dollars to 500 thousand US dollars;

b) 3 years, if the volume of investments is over 500 thousand US dollars to 2 million US dollars;

c) 4 years, if the volume of investments exceeds 2 million to 5 million US dollars;

d) 5 years if the investment exceeds USD 5 million.

3.Value added tax

Value Added Tax (VAT) - represents the payment of a part of the value added in the process of production and circulation of goods, works and services, as well as a part of the value of all taxable goods imported into the territory of the Republic of Tajikistan. VAT refers to indirect taxes.

Value added tax as an indirect tax is payable at all stages of production, circulation of goods, performance of work and provision of services.

The payer of value added tax is a person who is obliged in accordance with the Tax Code to submit an application and register as a payer of value added tax.

A person who is obliged to register as a value added tax payer is a value added taxpayer from the beginning of the calendar year following the calendar year in which the registration obligation arose.

In addition to persons who are payers of value added tax, all persons carrying out taxable import of goods into the Republic of Tajikistan are considered payers of value added tax on such import.

The objects of value added tax are taxable transactions and taxable imports.

Taxable transactions are the supply of goods, the performance of work and the provision of services, except for the supply of goods, the performance of work and the provision of services exempt from value added tax, carried out in the framework of the entrepreneurial activity of a person, if they are considered to be carried out in the territory of the Republic of Tajikistan.

Taxable transaction cost

The value of a taxable transaction is determined based on the amount (value, including in kind) that the taxpayer receives or is entitled to receive from the client or any other person, including any duties, taxes and / or other fees, but excluding the tax on Additional cost.

If a taxpayer receives or is entitled to receive goods, works or services in exchange for a taxable transaction, the value of the taxable transaction includes the market price of these goods, works or services (including any duties, taxes or other charges), but excluding value added tax.

In the event that the taxpayer does not receive or is not entitled to receive any value in exchange for a taxable transaction, the value of the taxable transaction is equal to the market value of the goods, work performed or services rendered by the taxpayer in the course of such taxable transaction (including any duties, taxes or other charges ), but excluding value added tax.

Tax incentives

Exemption from value added tax means that the supply of goods, work performed and services rendered, exempt from value added tax, are not taxable transactions and their value is not included by the taxpayer in the taxable turnover, and the import exempt from value added tax is not included in the value of the taxable import.

The following supplies of goods (except for the export of goods), work performed and services rendered carried out in the Republic of Tajikistan are exempt from value added tax:

1) sale, transfer or lease of real estate, except:

a) the sale or transfer of hotel premises or holiday homes;

b) the sale or transfer of newly built residential premises;

c) sale or lease of real estate used for business purposes;

2) provision of certain financial services for a fee, the list of which is determined by the Ministry of Finance of the Republic of Tajikistan in agreement with the National Bank of the Republic of Tajikistan and an authorized state body, including the transfer of depreciable tangible property under financial lease (leasing) operations (including aircraft), with the exception of real estate property, cars and furniture.

1. Excise

Excise tax (excise tax) is an indirect tax included in the selling price of excisable goods (services provided).

Taxpayers (payers of excise taxes) are persons, including separate subdivisions of legal entities, which carry out taxable transactions.

Excise tax payers are also foreign legal entities and individuals carrying out taxable operations in the Republic of Tajikistan.

In the case of excisable goods produced on the territory of the Republic of Tajikistan from raw materials supplied by the customer (raw materials supplied by the customer), the payer of excise taxes is the producer who is obliged to transfer the excisable goods (finished goods) produced from his raw materials to the customer at the selling price, including excise tax, as if it were raw materials supplied by the customer belonged to the producer.

 The list of excisable goods and excisable activities.

Excise goods are:

- all types of alcohol, non-alcoholic and alcoholic drinks;

- processed tobacco, industrial tobacco substitutes, tobacco products;

- mineral fuel, all types of crude oil and products of its distillation; bituminous substances; mineral waxes; liquefied gas;

- tires and tires pneumatic rubber new; tires and tires, pneumatic rubber, reconditioned or used; solid or semi-pneumatic tires and tires; tire protectors and rubber rim strips;

- cars and other motor vehicles intended for the transport of people;

- jewelry made of precious metals and precious stones, as well as parts thereof made of precious metals and (or) covered with precious metals.

Excisable activities are:

-services of mobile cellular communication of general use of all standards;

-services for data transmission (including telegraph communication and IP-telephony), including through the networks of operators;

-services of telematic services;

- services of international (long distance) telephone communication through the networks of operators.

The tax base for excise tax in respect of taxable goods is:

- the physical volume of the excisable goods;

- the amount of the taxable transaction, determined on the basis of the retail sale price of the excisable goods, net of value added tax and excise taxes;

- the amount of the taxable transaction based on the customs value or on the indicator of the physical volume of excisable goods, determined in accordance with the Customs Code of the Republic of Tajikistan, minus value added tax and excise taxes;

- the amount of a taxable transaction, determined on the basis of the retail price of the goods, net of value added tax and excise taxes - when the producer transfers the excisable goods as payment in kind, a gift, when the pledged goods are transferred into the ownership of the pledgee or an exchange transaction, as well as free of charge.

Excise tax rates for excisable goods are established by the Government of the Republic of Tajikistan in accordance with the Commodity Nomenclature of Foreign Economic Activity.

Excise rates can be set as a percentage (ad valorem) to the value of the excisable goods and (or) in a fixed (absolute) amount per unit of measurement of the excisable goods in physical terms.

Excise rates for alcoholic beverages are approved depending on the volumetric content of anhydrous (one hundred percent) alcohol in it.

The excise rate for certain types of telecommunications services is set at 3 percent of the tax base.

Exempt from payment of excise duty:

- alcoholic beverages produced by an individual for his own consumption according to the list and within the limits established by the Government of the Republic of Tajikistan;

- import of two liters of alcoholic beverages and two blocks (400 pieces) of cigarettes, jewelry in the amount of 4 units (at a cost of not more than 150 indicators for calculations) by an individual for his own consumption, as well as for persons entering the Republic of Tajikistan by car, contents fuel tank;

-goods transported in transit through the territory of the Republic of Tajikistan;

- temporary import of goods into the territory of the Republic of Tajikistan, with the exception of goods intended for re-export;

- excisable goods, except for alcoholic and tobacco products, imported within the framework of humanitarian aid, as well as imported for gratuitous transfer to charitable organizations for the purpose of eliminating the consequences of natural disasters, accidents, catastrophes and for gratuitous transfer to state bodies of the Republic of Tajikistan.

1. Social tax

Social tax is a compulsory payment to the Fund for Social Protection of the Population, which is paid by payers of insurance contributions in order to carry out social insurance in accordance with rates to the amount of wages.

Payers of social tax are:

- legal entities, their separate subdivisions, permanent establishments of non-residents and individual entrepreneurs-employers who pay wages, remuneration and other benefits to resident individuals who work for them on the basis of labor agreements (contracts) or without them;

- legal entities, their separate subdivisions, permanent establishments of non-residents and individual entrepreneurs who reimburse for services (work) rendered in the Republic of Tajikistan to resident individuals who are not registered as individual entrepreneurs, on the basis of agreements (contracts) of a civil nature or without them;

-individuals carrying out individual entrepreneurial activities in the territory of the Republic of Tajikistan, including as members of dekhkan (farm) farms without forming a legal entity.

The object of taxation for the taxpayers indicated is salary, remuneration and other benefits under labor and civil law agreements (contracts), the subject of which is the performance of work, the provision of services paid by taxpayers in favor of individuals who are not individual entrepreneurs, including payments and remuneration under copyright agreements.

The tax base of taxpayers-employers is defined as the sum of wages, remuneration and other benefits that employers pay to individuals during the tax period.

The tax base of taxpayers is defined as the sum of payments, remunerations and other benefits, without deductions, reimbursed for the tax period to individuals.

The tax base of taxpayers - individuals is defined as the amount of wages, payments, remunerations and other benefits received during the tax period without deductions.

Tax rates

For social tax paid to the budget, the rate is 25 percent for insurers and 1 percent for insured persons.

For individuals engaged in individual entrepreneurial activity on the basis of a patent, as well as members of dekhkan (farm) farms without forming a legal entity, the minimum social tax is established by the Government of the Republic of Tajikistan. For individual entrepreneurs operating on the basis of a certificate, the social tax rate as insured persons is equal to 1.0 percent of the tax base, but not less than the maximum social tax set for an individual entrepreneur operating on the basis of a patent, regardless of the amount of income received.

For citizens of the Republic of Tajikistan who perform work and provide services to diplomatic (consular) missions of foreign states and representative offices of international organizations in the Republic of Tajikistan, who pay social tax on their own, the social tax rate is set at 25 percent as insurers and 1 percent as insured persons.

For citizens of the Republic of Tajikistan who perform work and provide services to diplomatic (consular) missions of foreign states and representative offices of international organizations in the Republic of Tajikistan, who pay social tax on their own, the social tax rate is set at 25 percent as insurers and 1 percent as insured persons.

For the purposes of social insurance, including pension provision for individual entrepreneurs, members of dekhkan (farm) farms that are not legal entities, the total amount of social tax is 20 percent of the income accepted (declared) for social insurance purposes by the above individuals. In case of insufficiency of the insurance period, the total amount of paid social tax for the entire period of actual social insurance is considered to have been paid for a period not less than the established minimum insurance period for the appointment of pensions and other types of social security, in accordance with the legislation on state social insurance.

Tax exemptions:

- income of individuals who are not citizens of the Republic of Tajikistan who perform work and provide services to diplomatic and consular missions of the Republic of Tajikistan abroad;

- income of foreign citizens from employment as part of the implementation of investment projects of the Government of the Republic of Tajikistan.

1. Taxes on natural resources

Taxes for natural resources are paid in the case of the use of natural resources, including subsoil use under contracts for subsoil use and (or) the use of water to generate electricity.

Natural resource taxes include:

- taxes from subsoil users;

- royalties for water.

All types of bonuses and royalties on natural resources are deducted from gross income (are deductions) for income tax purposes.

The tax authorities control the payment of taxes on natural resources.

Instructions on the calculation and payment of taxes for natural resources, as well as forms of tax declarations (calculations), are approved by the authorized state body in agreement with the Ministry of Finance of the Republic of Tajikistan.

The conditions for payment of taxes from subsoil users established for each subsoil user are determined in the subsoil use contract concluded between the subsoil user and the authorized body of the Government of the Republic of Tajikistan in agreement with the Ministry of Finance of the Republic of Tajikistan and the authorized state body in the manner established by the Government of the Republic of Tajikistan.

The contract is concluded between the subsoil user and the competent authority no later than 3 calendar months after obtaining the license (permit), unless other terms are provided by the Government of the Republic of Tajikistan.

Subsoil use without a contract is not allowed. When subsoil use is carried out without concluding a contract, subsoil use taxes (bonuses and royalties for production) for the entire period of such activities are payable at 3-fold rates established in accordance with the Tax Code, with subsequent bringing the subsoil user to responsibility in the manner prescribed by the legislation of the Republic of Tajikistan ...

Loot royalties

A mining royalty is a tax paid by a subsoil user separately for each type of minerals produced in the territory of the Republic of Tajikistan, regardless of whether they were supplied (shipped) to buyers (recipients) or used for their own needs.

The payers of royalties for production are subsoil users who, within the framework of each issued license (permit) for subsoil use:

- extraction of minerals, including from man-made mineral formations;

- processing of minerals with the extraction of useful components from them.

The objects of taxation are minerals:

- extracted from deposits on the territory of the Republic of Tajikistan on the subsoil plot allocated to the taxpayer;

-recovered from waste (losses), if such extraction is subject to separate licensing (permission).

The royalty object for production is determined separately for each type of finished product.

The objects of taxation for hydrocarbons are:

-produced hydrocarbons that have undergone primary processing, including associated minerals and useful components;

- useful components extracted in the process of processing hydrocarbons, but not taxed as a finished product during the previous extraction and processing as part of processed minerals.

The object of royalties for mining for precious metals and precious stones is extracted precious metals and precious stones, including those from man-made mineral formations.

The objects of royalty for the extraction of solid minerals are:

- mined and (or) extracted solid minerals, including from technogenic mineral formations;

- minerals extracted during processing by processing enterprises.

Mining royalty items include the production of:

1) the actual minerals:

a) oil, natural gas and gas condensate;

b) coal and oil shale;

c) marketable ores;

d) groundwater, including those that have undergone primary treatment;

e) mica, asbestos, raw materials for the production of building materials;

f) non-metallic raw materials for metallurgy.

2) precious metals and (or) chemically pure metals in sand, ore, concentrate;

3) concentrates of ferrous, non-ferrous, rare and radioactive metals, mining and chemical raw materials;

4) precious stones, gemstones and piezo-optical raw materials that have undergone primary processing;

5) other minerals, including mineral raw materials that have undergone primary processing.

The tax base of royalties for production for the tax period is their value, determined based on the delivery prices or in the absence of delivery, based on the cost of the first commercial product extracted from the extracted minerals as a result of primary processing (enrichment, refining) without value added tax.

The tax base for certain types of minerals is defined as the amount of extracted minerals in physical terms.

The tax base is determined for each type of extracted minerals in chemically pure form, including precious metals and precious stones, widespread and other minerals.

The value of precious (gold, silver and platinum) and other metals extracted by a subsoil user during the tax period is calculated based on the average delivery prices of these metals, which have developed during the tax period on the London Metal Exchange and the London Exchange of Precious Metals.

Royalty for water

The payers of royalties for water are persons who use water in the Republic of Tajikistan to generate electricity.

The object of taxation of royalties for water is the use of water bodies for the purpose of generating electricity at hydroelectric power plants.

The tax base is defined as the amount of electricity produced during the tax period without taking into account losses during its further transfer (supply).

The tax base is determined by the taxpayer separately for each water body.

The use of water bodies for the purpose of generating electricity with the capacity of power generating facilities not exceeding 1000 kilowatts is exempted from paying royalties for water.

For water royalties, the tax period is a calendar month.

The royalty rate for water is set for the use of water bodies for the purpose of generating electricity in the amount of 0.06 indicators for calculations for every 1000 kilowatt / hour of electricity produced as of the end of the tax period.

1. Tax on road users

Tax payers from road users are persons who use the general taxation regime and have an object of taxation.

The object of taxation is:

- the sum of all expenses actually incurred by the taxpayer in the reporting tax period for goods (work, services) in full. The object of taxation is not recognized expenses for construction, acquisition of fixed assets and their installation, other expenses of a capital nature and subject to subsequent deduction in the form of depreciation charges on fixed assets;

- 70 percent of the gross income of the taxpayer received for the reporting tax period, if the actual expenses incurred do not exceed 70 percent of the gross income.

Not included in the object of taxation:

- calculated (paid to the budget) tax from road users;

- taxes not included in the cost of goods (works, services) produced when calculating income tax;

-expenses of persons who, in order to eliminate the consequences of natural disasters or to solve other social problems, create the necessary structures, which are transferred free of charge into the ownership of the relevant state bodies.

This tax is not subject to:

 - state institutions, including state bodies, financed from the state budget, with the exception of taxable activities for the provision of paid services;

- religious associations and organizations, other non-profit organizations, with the exception of income and expenses related to entrepreneurial activity.

The tax base proceeding from the object of taxation is calculated by the taxpayer by summing up all expenses actually incurred (to be carried out) in the reporting tax period in full, including:

- expenses in cash and in kind for goods, works and services, with the exception of payments for construction costs, the acquisition of fixed assets and their installation, other expenses of a capital nature and subject to subsequent deduction in the form of depreciation charges on fixed assets.

The tax rate is set in the following amounts:

- from January 1, 2013 in the amount of 0.5 percent for trade, procurement, supply and marketing activities and in the amount of 2 percent for other activities;

- from January 1, 2015 in the amount of 0.25 percent for trade, procurement, supply and marketing activities and in the amount of 1 percent for other activities;

-c1st January 2017 the tax will be canceled.

2. Sales tax on cotton fiber and primary aluminum

Taxable goods are cotton fiber and primary aluminum.

Taxable transactions:

a) supply of taxable goods;

b) import of taxable goods into the Republic of Tajikistan and (or) export of taxable goods outside the customs territory of the Republic of Tajikistan.

The tax base is the value of the taxable goods. When calculating the tax base, the unit price of taxable goods, taking into account the quality, type and grade, is determined based on the prices prevailing on the date of the taxable transaction on the London Stock Exchange of Non-Ferrous Metals and the Liverpool Cotton Association.

Taxpayers who resell taxable goods are subject to sales tax as the difference between the tax calculated based on the prices used for taxation on the date the taxable goods were sold to customers and the date they were purchased from their suppliers.

The tax base for imported taxable goods using the customs regime of release for free circulation is determined in accordance with customs legislation on the basis of prices determined in the Tax Code of the Republic of Tajikistan.

The tax base for taxable goods produced using the customs regime of processing in the customs territory is the value (volume) of processed products, determined taking into account the prices determined in the Tax Code of the Republic of Tajikistan.

The sales tax rate in relation to the tax base is set in the following amounts:

- for cotton fiber - 10 percent;

- for primary aluminum - 3 percent.

The sales tax rate in relation to the tax base is established by the Government of the Republic of Tajikistan.

Local taxes

Local taxes are obligatory payments of legal entities and individuals that go to the budgets of administrative-territorial units. There are two types of local taxes:

1. Vehicle tax.

2. Taxes on real estate.

1. Vehicle tax

Taxpayers are persons who own and (or) use a vehicle that has an object of taxation.

The objects of taxation are vehicles, self-propelled vehicles and mechanisms, floating vehicles and locomotives used on the railways, subject to state registration and (or) registered in the Republic of Tajikistan, the list of which is determined by the Government of the Republic of Tajikistan.

Objects of taxation are registered by authorized bodies in the field of internal affairs, transport, defense, agriculture and (or) other state bodies.

The tax base for a self-propelled vehicle is the engine power expressed in units of horsepower.

Tax rates are established for vehicles and (or) self-propelled machines and mechanisms (per 1 horsepower of engine power) per year in the following amounts:

Name of objects of taxation

Table 5.3.

|  |  |
| --- | --- |
| **Name of objects of taxation** | **Tax rate****in% of the indicator for calculations** |
| Motorcycles and scooters | 2,5 |
| Vans and pickups based on passenger cars | 6 |
| Cars | 7,5 |
| Buses (up to 12 seats) | 7,5 |
| Buses (13-30 seats) | 8,5 |
| Buses (over 30 seats) | 9,5 |
| Trucks and other vehicles with a carrying capacity of up to 10 tons | 11 |
| Trucks (carrying capacity from 10 to 20 tons) | 12,5 |
| Trucks (carrying capacity from 20 to 40 tons) | 13,5 |
| Trucks (with a carrying capacity of over 40 tons) | 14,5 |
| Tractors, motor vehicles for construction, other than those used in agriculture | 2 |
| Boats, boats and other floating self-propelled vehicles | 15 |
| Locomotives used on the railway | 1 |

Tax rates for types of self-propelled vehicles, self-propelled vehicles and mechanisms are posted annually before February 1 of the calendar year on the electronic website of the authorized state body.

The following are exempt from taxation:

-tractors used in agriculture, grain and special, including cotton, harvesters with engines;

-buses and trolleybuses used by public transport enterprises to transport passengers in cities;

-specialized medical vehicles;

-one hand-operated car (motorized carriage) belonging to the disabled person;

-industrial railway transport (excluding locomotives).

2. Real estate taxes

Real estate taxes paid for the use (possession) of land plots and (or) real estate:

- land tax;

- tax on real estate objects.

Land tax is paid by land users to whom land plots are transferred for life inherited, perpetual, fixed-term use or lease, or land users who actually use land plots, with the exception of land users who fulfill the conditions of the simplified taxation regime for agricultural producers.

Payers of land tax are also:

- producers of agricultural products that have switched to a common tax regime, and (or) users of land that are not subject to a single tax;

- persons using special or preferential tax regimes, if in accordance with these regimes there is no exemption from land tax.

The object of taxation by the land tax is the lands of settlements, lands outside settlements, taking into account the quality, cadastral valuation of lands, purpose of use and environmental features, the belonging of which is determined by the land legislation of the Republic of Tajikistan.

The tax base for calculating the land tax is the area of ​​the land plot indicated in the confirming document of the land user, or the area of ​​the land plot actually used by him (in his possession), with the exception of lands exempted from tax.

The taxable area includes all land assigned to it, including land occupied by buildings, structures, land plots necessary for their maintenance, sanitary protection zones of facilities, technical and other zones.

For a separate subdivision of a legal entity, the tax base is the area of ​​the land plot assigned to this branch (representative office) in the corresponding city (region).

Tax rates per hectare of land in the context of regions and cities (districts), taking into account cadastral zones and types of land, including land in settlements, land under forests and shrubs of settlements and agricultural land, are established every 5 years by the Government of the Republic of Tajikistan for the submission of the authorized state body for land management, agreed with the authorized state body.

The authorized state body carries out an annual indexation of land tax rates in accordance with the inflation rate for the previous calendar year, determined by the authorized body in the field of statistics, and posts indexed land tax rates for the current calendar year on its official electronic website.

Lands for housing construction of individuals in settlements are subject to taxation in the following order:

1) the area of ​​each land plot assigned to the land user according to a separate (independent) supporting document is considered separately for tax purposes, except for the case when these land plots are adjacent. When taxing, the area of ​​adjacent land plots assigned to one land user on the basis of different (several) title documents is summed up, and these adjacent land plots are considered as one land plot;

2) the calculation of the amount of land tax is carried out in the following order, depending on the size of the land plot assigned to the land user:

a) up to 800 square meters - at established rates;

b) over 800 to 2000 square meters - the amount of tax calculated under subparagraph a) of this paragraph, plus the amount calculated on the basis of 2 times the tax rate for an area exceeding 800 square meters;

c) over 2000 square meters - the amount of tax calculated according to subparagraph b) of this paragraph, plus the amount calculated based on the 5-fold tax rate for an area exceeding 2000 square meters.

The actual excess of the area of ​​household land plots of individuals over the norms established by the Land Code of the Republic of Tajikistan is subject to taxation at a 2-fold tax rate.

In case of taxation, the area of ​​each land plot assigned to the land user according to a separate (independent) confirming document is considered separately, except for the case when these land plots are adjacent. In taxation, the area of ​​adjacent land plots assigned to one land user on the basis of different (several) title documents is summed up, and these adjacent land plots are considered as one land plot.

The following are exempt from land tax:

- the territory of reserves, national and dendrological parks, botanical gardens in accordance with the list of these organizations and the area of ​​their territories, established by the Government of the Republic of Tajikistan;

- lands used by state institutions for the implementation of the goals, tasks and functions laid down in the constituent documents of these institutions, with the exception of lands transferred (used) for entrepreneurial activity;

- lands of organizations on which buildings used by them are located, protected by the state as monuments of history, culture and architecture according to the list of organizations and in accordance with the size of land plots established by the Government of the Republic of Tajikistan.

Real estate tax

The payers of real estate tax are the owners (users) of real estate objects that are subject to taxation.

The objects of taxation are buildings located on the territory of the Republic of Tajikistan, residential buildings, premises, summer cottages, garages, other premises and buildings located on the territory of the Republic of Tajikistan, as well as objects of unfinished construction since the moment of residence, operation.

Real estate objects also include containers, cisterns, kiosks, sheds, wagons and other objects used for entrepreneurial activity and placed motionless for at least 3 months in each calendar year at the place of business.

The tax base is the total area occupied by the property, including the area of ​​each floor of a multi-storey building.

For basements and an attic with an average height above 2 meters, 50 percent of the occupied area is taken as the tax base. The tax base does not include basements and mansards of residential premises that are not used in business.

Real estate tax is not levied on:

- state institutions financed from budgetary funds in relation to state real estate objects directly used by these institutions to fulfill their statutory tasks;

- legal entities, at least 50 percent of whose employees are disabled, in relation to real estate objects directly used by these persons to fulfill their statutory tasks.

The tax rate on real estate objects is determined, depending on the area occupied by the real estate object and the purposes of its use, as a percentage of the indicator for calculations with regulatory coefficients in the context of cities and districts.

The tax rate is set in the following amounts:

- for real estate objects used as a residential building (premises) up to 90 square meters - in the amount of 3 percent;

- for real estate objects used as a residential building (premises) over 90 square meters - in the amount of 4 percent;

- for real estate objects used for trading, organizing catering and consumer services for the population, up to 250 square meters - in the amount of 12.75 percent;

- for real estate objects used for trading, organizing catering and consumer services for the population, over 250 square meters - at a rate of 15 percent;

- for real estate objects used for other purposes, up to 200 square meters - in the amount of 9 percent;

- for real estate objects used for other purposes, over 200 square meters - in the amount of 12 percent.

The amounts of taxes on immovable property (land tax and (or) tax on real estate) for the current tax year are paid by taxpayers, with the exception of individuals who do not use this immovable property in their business, within the following periods:

- for real estate objects (land plots and (or) real estate objects) located in settlements - no later than February 15 (in advance), May 15, August 15 and November 15 of the current year, increasing the total from the beginning of the year in the amount of at least 25 percent, 50 percent, 75 percent and 100 percent of the annual amount, respectively;

- for real estate objects (land plots and (or) real estate objects) located outside settlements - no later than February 15th (in advance), May 15th, August 15th and November 15th of the current year, increasing total from the beginning of the year in the amount of at least 15 percent, 35 percent, 60 percent and 100 percent of the annual amount, respectively.

Individuals who do not use taxable immovable property in their entrepreneurial activities, the amounts of taxes on immovable property (land tax and (or) tax on real estate) for the current tax year are paid no later than June 15th, August 15th and 15th th November of the current year on an accrual basis since the beginning of the year in the amount of, respectively, at least 33 percent, 66 percent and 100 percent of the annual amount.

The taxpayer is obliged to make payments on real estate taxes on time. If the taxpayer fails to make payments for each of the taxes on immovable property within the established time frame, interest is charged for the delay in payment by the tax authority.

II. By subject of payment are distinguished:

1. Taxes levied only on legal entities - income tax, corporate property tax, tax on transactions with securities, etc.

2. Taxes levied only on individuals - land tax, taxes on property of individuals, income tax on individuals, etc.

3. Taxes levied on both legal entities and individuals - land tax, etc.

III. By belonging to the links of the budget system:

1. Fixed taxes - taxes that are permanently legally assigned to the budgets of the corresponding level, for example, local taxes, which are permanently assigned to local budgets.

2. Regulatory taxes - taxes, the proceeds of which are distributed between the levels of the budget system according to the norms established for a year or on a long-term basis.

IV. By the method of collection:

1.Direct taxes - these are gratuitous payments that are levied directly and directly from the subject of taxation. They are applied by the state so that as many objects of the taxpayer's activity as possible fall under the tax influence: creating the material and technical basis of the activity, property of enterprises, labor force, resources consumed in production, income. These include income tax, income tax, resource payments, taxes on property, the ownership and use of which serves as the basis for taxation.

2. Indirect taxes - taxes established in the form of a surcharge to the price of imported and delivered goods, work performed or services rendered and paid by the consumer when purchasing goods, works or services performed at a price increased by the amount of their taxes. The obligation to pay the indirect tax to the budget is imposed on the supplier of goods, performer of work or person providing services. Indirect taxes include excise taxes, customs duties, value added tax, sales tax, and value added tax.

V. By method of taxation:

1. Taxes levied at source - taxes on personal income. In this case, the tax is withheld virtually simultaneously with the payment of income, which excludes the possibility of evasion from its payment. The amount of the withdrawn tax is transferred by the collector - the tax agent - immediately to the budget;

2. Taxes levied on the declaration - income taxes. They are levied after the taxpayer submits an application, which describes the income received by him for a certain period and the tax rebates and benefits applicable to them;

3. Taxes levied on the cadastre - land taxes and taxes on transport. When collecting this tax, a cadastre is used - a register containing a list of typical objects (land, property, income), classified according to their external characteristics. With the help of the cadastre, the average profitability of the taxable object is determined.

VI. At the applicable rate:

1. Proportional taxes - taxes that apply in the same percentage to the taxable object (taxes on profits, on personal income);

2. Progressive taxes - taxes, the rate of which increases in a stepwise manner with an increase in the amount of taxable income;

3. Regressive taxes - taxes, the rate of which decreases with an increase in the amount of taxable income.

There are various methods for constructing the tax rate (Figure 5.1).



**Figure 5.1 Progressive, proportional, and regressive taxes**

Depending on how the tax rate changes, there are:

• proportional taxation, which uses the same rate regardless of the amount of taxable income. In this case, the share of tax in income remains constant, independent of the amount of income (Fig. 5.1, line b). The increase in taxes T3 T4 is equal to the increase in income Y1 Y2;

• progressive taxation - taxation in which the tax rate increases as income increases, respectively, the share of tax in income increases as income increases (Fig. 5.2., Line a). The increase in taxes T1 T2 is greater than the increase in income Y1 Y2;

• regressive taxation - taxation in which the tax rate is reduced. Taxes can be regressive even at a constant tax rate. In any case, under regressive taxation, the share of tax in income falls as income grows (Figure 5.1., Line c). The increase in taxes is T5 T6, less than the increase in income Y1 Y2;

Vii. By appointment, there are:

1. General taxes - taxes that, after being received by the budget of any level, are depersonalized and spent for the purposes specified in the corresponding budget;

2. Special taxes - taxes that have a strict purpose and are assigned to certain types of expenses.

VIII. By the object of taxation:

1. Real (property) taxes - taxes that are levied on the sale, purchase or ownership of property, and their collection does not depend on the individual financial capabilities of the taxpayer;

2. Resource (rent) taxes - taxes that are closely related to real taxes, the collection of such taxes is determined by the development, use and extraction of natural resources. They are often called rent because their introduction and payment are associated with the formation and receipt of rent;

3. Personal taxes - taxes, the collection of which takes into account the financial position of the taxpayer and his ability to pay. Collected from the income of individuals and legal entities in two ways: "at the source" and "by declaration";

4. Taxes levied on the wage bill - taxes that are difficult to attribute to the above classification groups. The object of taxation is the taxpayer's expenses related to the payment of wages and other types of employee benefits.

Conclusions: the classification of taxes has not only theoretical but also practical significance, since it characterizes the tax system as a whole. With its help, the analysis of the taxation system is carried out and the necessary conclusions are drawn for its further improvement.

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer self-control questions.

3. Complete the proposed tasks.

4. Answer test questions.

5. Prepare abstracts on topics:

- "The history of the emergence and development of taxes"

- "Tax system of the Republic of Tajikistan".

6. Conduct classes in the form of a discussion on the topic "The problem of tax evasion in the practice of financial relations."

7. Compile an additional glossary on the topic.

Questions for self-control:

1. What is the economic content of the concept of "tax"?

2. What taxes, fees and charges are included in the tax system of the Republic of Tajikistan?

3. Name the main characteristics of taxes.

4. What are the characteristics of government taxes?

5. What is the difference between the concepts of "state tax" and "local tax"?

6. What are the characteristic features of taxes that distinguish them from other payments: deductions and contributions of funds?

Tasks:

1. Define the differences between direct taxes and indirect taxes.

2. Classify taxes according to different criteria. Make a flowchart.

3. Think about whether any industry or economic-geographical zone needs a special tax regime? If so, what should it be?

4 EXAMPLE. The Atlas enterprise donates the fabric for the curtains to the secondary school. Are these material assets exempt from VAT?

5. EXAMPLE. The poultry farm transfers some of its own products to its canteen, to the retail store, to the kindergarten, which is on the balance sheet of the factory. Is the value of these products subject to VAT?

6 EXAMPLE. The organization bought a used car. The invoice for payment indicates the price of the car without allocation of VAT amounts. The car was bought at the expense of the company's net profit. Does the company need to pay excise tax? If so, how much should be taken to calculate it?

7 EXAMPLE. At the beginning of this month, the company registered fixed assets, but has not yet put them into operation. Can a company already at the moment make a VAT offset from the budget?

8 EXAMPLE. Is VAT deducted from the profit received by the company in the form of interest from a deposit in a bank?

Test

1. Obligatory, individually free, relatively regular and statutory fee established by the state, paid by persons, in order to financially support the activities of the state, is:

A) securities; B) patents; C) taxes; D) money; E) licenses.

2.Main elements of taxes:

A) subject of tax; B) tax base; C) unit of taxation; D) source of tax; E) all answers are correct.

3.A legal or natural person who is obliged by law to pay tax is:

A) the object of the tax; B) tax salary; C) tax rate; D) tax period; E) subject of tax.

4.Action, condition or item subject to tax:

A) the object of the tax; B) tax incentives; C) tax rate; D) tax period; E) subject of tax.

5. The quantitative measure of the taxation object determined by the law is:

A) tax benefits; B) tax rate; C) tax period; D) unit of taxation; E) tax salary.

6. Cost, physical or other characteristics of the object of taxation, only that part of the object of tax to which the tax rate is applied by law.

A) tax rate; B) tax period; C) tax incentives; D) tax base; E) tax salary.

7. Specify the functions of taxes:

A) distribution; B) control; C) stimulating; D) fiscal; E) all answers are correct.

8. The function of taxes, which consists in the fact that with the help of taxes through the budget, the state redistributes financial resources from the production sphere to the social sphere, it is:

A) social function; B) control function; C) stimulating function; D) fiscal function; E) distribution function.

9. By whom in 1776 were the basic principles of taxation proposed?

A) I. Yusti; B) W. Petty; C) R. Owen; D) A. Smith; E) N. Machiavelli.

10. Classification of taxes by belonging to the level of government.

A) commercial and non-commercial; B) state and local; C) social and economic; D) administrative and organizational; E) investment and production.

**Topic 6: Taxation and tax burden sharing**

**6.1. Tax burden: its essence and problematic aspects.**

**6.2 Concept and essence of the Laffer curve**

**6.3. Distribution of the tax burden.**

**6.1. Tax burden: its essence and problematic aspects**

**Tax burden** is an indicator of the cumulative impact of taxes on the economy of a country as a whole or of an individual taxpayer.

The concept of the tax burden arose virtually simultaneously with the appearance of taxes. Back in the 18th century. Adam Smith in his work "Investigation of the nature and causes of the wealth of nations" pointed out an important economic relationship between the level of tax burden and the receipt of funds in the state budget.

The first mentions of a quantitative assessment of the tax burden indicator and its pressure on the economy also date back to the 18th century. F. Justi (1705-1771), a German economist who made a significant contribution to the development of financial science, who first studied this phenomenon, defined the tax burden at the macro level as the ratio between the budget and the national income of the state. At the same time F. Justi pointed out that the country's budget should not spend more than 1/6 of the national income.

The tax burden should be viewed from two perspectives:

- first, as a form of monopoly price of aggregate public goods, which expresses the measure of the value (value) of public services in relation to the sources of tax payment;

- secondly, as a calculated indicator of quantitative measurement of price parameters for assessing state services according to the adopted method.

The essence of the tax burden as a form of monopoly price of state services is expressed in the following. The state, being the only "seller" of public goods and the bearer of the demand for taxes (for government spending), is interested in the maximum level of taxes, the volume and rate of growth of tax revenues. Taxpayers, as forced “buyers” of public services, from whom the supply of financial resources for taxation comes, are interested in obtaining large public goods (especially of a social nature) with minimal taxes (the minimum price for these services).

The role and significance of the tax burden indicator are as follows:

• Firstly, this indicator is necessary for the government to develop tax policy. By introducing new taxes and eliminating old ones, changing tax rates and incentives, the state is obliged to determine and not overstep the maximum permissible levels of pressure on the economy, beyond which negative economic processes may arise.

The indicator of the tax burden at the macro level is also used by the state to forecast budget revenues, develop the tax base as a whole in the country's economy and assess the effectiveness of the impact of the tax system on socio-economic development.

• Secondly, the calculation of the tax burden at the national level is necessary for a comparative analysis of the tax burden in different countries and for making decisions by business entities on the location of production, the distribution of investments and, ultimately, on the flow of capital;

• Thirdly, the indicator of the tax burden is necessary to analyze the influence of the country's tax system on the formation of the state's social policy;

• Fourthly, the indicator of the tax burden is used as an indicator of the economic behavior of economic entities.

The tax burden is calculated at two levels: macro and micro levels.

The tax burden on the economy is the ratio of all taxes received in the country to the created GDP. The economic sense of this indicator is to assess the share of GDP redistributed through taxes.

The tax burden on the population as a whole is the ratio of all taxes paid per capita to the average per capita income of the country's population, including the monetary value of the material benefits received by them.

The tax burden on the employee is effectively equal to the economic rate of income tax, since in most countries this tax is the only tax that is paid directly by the employee.

The methodology for determining the tax burden on a particular enterprise consists in establishing the ratio between the amount of taxes paid by the taxpayer and the income received by him.

The tax burden is never limited to the amount of tax paid, the taxpayer always bears a number of costs associated with the fulfillment of their obligations. These costs include, in particular:

- the costs of maintaining the staff of accountants and consultants;

- the costs associated with the payment of penalties as a result of violations of tax legislation;

-Litigation costs in case of violation of the rights of taxpayers provided for by tax legislation.

In addition, the payment of taxes may require early mobilization of funds, as a result of which there will be a need to attract credit resources, which provides for the payment of appropriate interest.

It is not possible to measure in monetary terms the additional financial costs of the taxpayer associated with the calculation and payment of taxes, and therefore, when determining the tax burden, only the amount of taxes actually paid is used.

1.2. The concept and essence of the Laffer curve

The main idea of ​​the Laffer curve is that as the tax rate increases, tax revenues will increase to a certain maximum level, and then will decrease, as high taxes restrain economic activity of economic entities, as a result of which production and incomes decrease. The reduction in tax rates will cause a reduction in the volume of government revenues in the short run. However, in the long run, lowering tax rates will increase savings, investment and employment, resulting in increased production and taxable income, which will increase tax revenues to the state budget.

Investigating the relationship between the size of the tax rate and revenue to the state budget, the American economist Arthur Laffer showed that an increase in the tax rate does not always lead to an increase in tax revenues of the state. He tried to theoretically prove that with an income tax rate above 50%, the business activity of firms and the population in general sharply decreases. If the tax rate exceeds the objective boundary, then tax revenues will begin to decrease. A. Laffer proved that one and the same amount of income to the state budget can be provided at both high and low tax rates. However, in practice, Laffer's ideas are difficult to use, since it is difficult to determine whether the country's economy is on the left or right side of the curve at the moment. So, due to a mistake in this definition, the "Laffer effect" did not work during the Reagan presidency: although the tax cut led to an increase in business activity in the country, it made it difficult to implement social programs.

Of course, it is difficult to expect that an ideal taxation scale can be constructed based on theory alone. The theory must be thoroughly revised in practice. National, cultural and psychological factors are of great importance in assessing its fairness.

Americans, for example, believe that with the tax rate in Sweden (75%), no one in the United States would work in the legal economy. In general, it is believed that the highest rate of income taxation should be in the range of 50-70%.

These trends are visible in the following figures (Fig. 6.2 and Fig. 6.3).



**Fig. 6.2. Laffer curve. Form I.**

As the rate rises from zero to 100%, tax revenues rise from zero to a certain maximum level (Dt), and then decline again to zero. Tax revenues fall after a certain value of the rate, since higher tax rates restrain the activity of economic entities, and therefore the tax base (at the macro level - national product and income) is shrinking. Thus, tax revenues at a rate of 100% are reduced to zero, since such a tax rate actually has a confiscatory nature and stops all production activities of payers. In turn, a 100% tax applied to a zero tax base generates zero tax revenue.

If the economy is at point A (Figure 6.2), lowering tax rates is consistent with maintaining steady tax revenues. When passing from point A to point B, i.e. with a significant reduction in the tax rate, the budget will receive an equal amount of funds. Hence the conclusion: lower tax rates create incentives to work, save and invest, innovate, and take business risks. As a result, the preconditions for the expanded reproduction of the national product and national income are created. The broadened tax base will be able to keep tax revenues unchanged even if tax rates are reduced.

The parameters of the Laffer curve are empirical. This means that, in practice, it is difficult to answer the question at what specific tax rate begins to decrease tax revenues to the budget.

The Laffer curve can be presented in a different form, showing where entrepreneurial activity moves when a certain value of tax rates is exceeded, i.e. in case of violation of the principle of proportionality of taxation (Figure 6.3). With an increase in tax rates (at the beginning of the curve), the incentives of business entities and the population are not seriously affected, and interest in legal income, as well as the total volume of production, decrease more slowly than the rate increases. Since the decrease in the tax base is slower than the increase in the rate, budget revenues increase.



**Fig. 6.3. Laffer curve. Form II.**

But as soon as the rate reaches a certain level, the further payment of the tax leads to a noticeable reduction in the net income of the payer. A decline in economic activity begins. Tax evasion is becoming widespread. Entrepreneurial activity is moving from the legal sphere to the shadow one. Despite the rise in tax rates, budget revenues are shrinking as the real tax base shrinks.

By itself, the Laffer curve does not allow us to judge what results an increase or decrease in tax rates will lead to - an increase or decrease in tax revenues. It depends on the totality of a number of factors of the type: the tax system, the time parameter, the scale of the shadow economy, the initial level of tax rates, the abundance of loopholes and benefits, etc.

But this curve reflects an iron general pattern: if existing tax rates are prohibitively high, when taxes are reduced, treasury revenues will increase. The incentive that the economy gets from lower taxes will be strong enough to offset the decline in direct tax revenues from lower rates. In other words, the economic effect of the tax reform will outweigh its arithmetic effect.

The beneficial impact of the tax reform on the state budget should also be considered. Tax cuts provide an incentive to increase production and employment. Accelerated economic development means lower unemployment and higher incomes for the population, which in turn leads to cost savings on unemployment benefits and other social protection programs.

An important element of tax policy, the method of state regulation of the economy, and the provision of social protection for certain types of activities and certain groups of the population are tax benefits - full or partial exemption from taxes.

Tax benefits can be provided by: establishing a non-taxable minimum, excluding certain expenses or certain types of taxpayer's income from taxable income, reducing the tax rate, granting a tax credit, refunding previously paid taxes, full exemption from paying taxes, etc.

Finally, tax legislation provides for various types of sanctions (from fines of various sizes to criminal liability) for violations in the field of taxation: tax evasion, delay in tax payments, inclusion of false information in the tax return, etc.

6.3. Distribution of the tax burden

Building a rational tax structure is closely related to assessing the scope of taxes. Scope refers to the business entity (individual or enterprise) that actually bears the tax burden.

Let's give a conditional example. There is data on the relationship between supply and demand in the apple market (Table 6.1 and Figure 6.4). The higher the price of a product (column 1), the less consumers are willing to buy it (column 2) and the more manufacturers offer it (column 3). Market equilibrium (point A) is established at the intersection of the demand (D) and supply (S) curves. The equilibrium price that ensures equality of supply and demand, in our example, is equal to $ 10. per kilogram of apples. Equilibrium sales volume is 1000 kg.



**Fig. 6.4. Distribution of the tax burden**

Suppose the government imposes an indirect tax on the sale of apples. The manufacturer is obliged to pay 2 cu for each kilogram sold. How will the equilibrium price and equilibrium output change? In this case, nothing will happen to the demand curve: the buyer still pays, whether the manufacturer pays the tax or not. He focuses only on the price of the product. But the market supply curve will change its character. Because the producer from each kg of apples will receive a profit of $ 2. less, the supply curve shifts to the left (column 4 and the St curve). The price is 10 USD provides the producer with net (net of tax) proceeds from 1 kg of 8 USD. Before the tax was introduced, the price was $ 8. per 1kg. made it profitable to deliver only 600 kg of apples to the market. Consequently, in the new situation, the value of supply at a price of $ 10. will be 600kg. Similarly, you can calculate the values ​​of the offer for other price options (column 4). The new equilibrium price (equilibrium point-B), as we can see from the table and graph, rises from $ 10. to 11, and the equilibrium sales of apples will decrease from 1000 to 800 kg.

Table 6.1.

Dependence of supply and demand in the apple market

|  |  |  |  |
| --- | --- | --- | --- |
| **Price1 kg, conventional unit** | **Market demand,****kg**  | **Market offer** **1st, kg**  | **Market offer** **2nd, kg** |
| 1 | 2 | 3 | 4 |
| 12 | 600 | 1400 | 1000 |
| 11 | 800 | 1200 | 800 |
| 10 | 1000 | 1000 | 600 |
| 9 | 1200 | 800 | 400 |
| 8 | 1300 | 600 | 200 |

Who pays the tax? It is paid by both the producer and the consumer. The producer in the new situation for a kg of apples instead of 10 receives $ 9. ($ 11 minus the amount of tax), while the buyer pays $ 11 instead of 10 per kg of apples. At the same time, production and consumption volumes decreased by 200 kg. The total amount of tax revenues is equal to 1600 USD: 2 USD each. for each 800 kg sold (rectangle BEGC in Fig. 2). At the same time, both sellers and buyers lose $ 800 each. (rectangles BEFH and CHFG). The tax burden in our example was evenly distributed among them.

The distribution of the tax burden depends on the elasticity of market demand and market supply.

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer self-control questions.

3. Complete the proposed tasks.

4. Answer test questions.

5. Prepare abstracts on topics:

- "Tax burden: its role and significance in modern conditions";

- "Distribution of the tax burden in the economy."

6. Compile an additional glossary on the topic.

7. Write out statistical data for the year.

**Questions for self-control:**

1.Formulate the concept of "tax burden" as an economic category.

2.How does the tax burden affect the country's economy?

3. What is the methodology for determining the tax burden?

4. What are tax rates? List the types of tax rates.

5. What is the difference between the concepts of "progressive taxation" and "regressive taxation"?

6. Describe tax incentives as important elements of tax policy

7. What is the taxation mechanism?

**Tasks**:

1. What is the essence and features of the tax transfer process? Give typical ways of transferring the main types of taxes.

2.Present the curve of A. Laffer and explain the nature of the dependence of the volume of tax revenues from the value of tax rates.

3. Why did the practical implementation of A. Laffer's theory turn out to be untenable?

4. Expand the essence of the distribution of the tax burden. Give examples.

5. What, in your opinion, is the problem of distribution of the tax burden in society?

6 EXAMPLE. Are VAT payers:

- individuals who do not engage in entrepreneurial activity (citizens);

- individuals engaged in entrepreneurial activity without forming a legal entity;

- legal entities engaged in mediation activities;

- legal entities transferred to the payment of a single tax on imputed income;

- legal entities that have switched to a simplified system of accounting and taxation;

- legal entities engaged in retail trade.

**Test**

1. Mandatory payments established and collected by the state from individuals and legal entities are:

A) regressive taxes; B) direct taxes; C) government taxes; D) indirect taxes; E) progressive taxes.

2. Obligatory payments of legal entities and individuals received by the budgets of administrative-territorial units are:

A) progressive taxes; B) regressive taxes; C) indirect taxes; D) local taxes; E) direct taxes.

3. Taxes, which are permanently legally assigned to the budgets of the corresponding level, are called:

A) direct taxes; B) indirect taxes; C) fixed taxes; D) local taxes; E) progressive taxes.

4. Taxes, the revenues from which are distributed between the levels of the budgetary system according to the norms established for a year or on a long-term basis, are called:

A) indirect taxes; B) regulatory taxes; C) local taxes; D) direct taxes; E) regressive taxes;

5. Free payments that are levied directly and directly from the subject of taxation are called:

A) direct taxes; B) local taxes; C) progressive taxes; D) regressive taxes; E) indirect taxes.

6. Direct taxes include:

A) income tax; B) income tax; C) resource payments; D) property taxes; E) all answers are correct.

7. The form of payment, which is manifested in the price of a product or service, these taxes are levied on sales turnover:

A) local taxes; B) indirect taxes; C) regressive taxes; D) direct taxes; E) progressive taxes.

8. Indirect taxes include:

A) excise taxes; B) customs duties; C) sales tax; D) value added tax; E) all answers are correct.

9.Taxes, the rate of which increases in a stepwise manner with an increase in the amount of taxable income, are called:

A) local taxes; B) indirect taxes; C) regressive taxes; D) direct taxes; E) progressive taxes.

10. Taxes, the rate of which decreases with an increase in the amount of taxable income, are called:

A) local taxes; B) indirect taxes; C) regressive taxes; D) direct taxes; E) progressive taxes.

**Topic 7. State budget and budgetary system of the Republic of Tajikistan**

**7.1. The essence and concept of the state budget.**

**7.2. The concept of budget classification.**

**7.3. Budget deficit and sources of its coverage**

**7.1. The essence and concept of the state budget**

**Budget,** is a financial action plan for some future period, usually for a year (calendar year, fiscal or tax).

 The state budget is an estimate of the state's revenues and expenditures for a certain period of time, most often for a year, compiled with an indication of the sources of state revenues and the directions of the channels for spending funds. The state budget is drawn up by the government, approved and adopted by the highest legislative bodies. In the process of budget execution, a partial revision of it may take place.

Through the state budget, a part of the gross domestic product is redistributed through the accumulation and mobilization of funds, the allocation and use of financial resources.

The state budget is the central link of the state financial system. He plays an active role in the functioning of the economy, its progressive and dynamic development.

The budgetary system of the Republic of Tajikistan consists of two levels:

1) the republican budget;

2) local budgets (city, district).

The republican budget is a monetary fund that is intended for the implementation of nationwide events.

The local budget is a centralized fund of financial resources of a separate municipality, the formation, approval and execution, as well as control over the execution of which are carried out by local governments independently.

Local budgets include the budgets of regions, cities, administrative districts, jamoats of the republic.

Local budgets are one of the main channels for bringing the final results of production to the population. Through them, public consumption funds are distributed among individual groups of the population. To a certain extent, these budgets also finance the development of industrial sectors, primarily the local and food industries, utilities, the volume of products and services of which are also an important component of ensuring the life of the population.

The state budget is adopted in the form of the Law of the Republic of Tajikistan "On the State Budget of the Republic of Tajikistan" for the next financial year, approved only by the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan.

 The budget of the state targeted budget funds is considered and approved by the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan simultaneously with the adoption of the Law of the Republic of Tajikistan "On the State Budget of the Republic of Tajikistan" for the next financial year.

Local budgets are developed and adopted by representative local authorities in the form of legal acts.

The system of the state budget of the Republic of Tajikistan is based on the following principles:

1. The unity of the budget system: the unity of the legal framework, the monetary system, forms of budget documentation, the principles of the budget process, sanctions for violations of budget legislation, a unified procedure for financing the expenditures of budgets of all levels of the budget system, accounting for the republican budget and local budgets;

2.Differentiation of revenues and expenditures between the levels of the budgetary system: assignment of the corresponding types of revenues in full or in part and the powers to implement expenditures for the state authorities of the Republic of Tajikistan and local government

3. The independence of budgets presupposes:

1) the right of legislative and representative bodies of state power and bodies of local self-government at each level of the budget system to independently carry out the budget process;

2) availability of own sources of income for budgets of each level of the budget system;

3) legislative consolidation of the governing budget revenues, the powers to form the revenues of the respective budgets;

4) the right of public authorities and local government bodies to independently determine the directions of spending funds, sources of financing the deficits of the corresponding budgets;

5) the inadmissibility of the withdrawal of income, additionally received in the course of the execution of laws on the budget, the amounts of excess income over budget expenditures and the amount of savings on budget expenditures;

6) inadmissibility of compensation at the expense of budgets of other levels of the budget system for losses in income and additional costs arising in the course of the execution of laws on the budget, except for cases related to changes in legislation.

4. Completeness of reflection of revenues and expenditures of budgets and state trust funds: all revenues and expenditures of budgets and state trust funds and other obligatory receipts are reflected in budgets and state trust funds in full. All state and local expenditures are to be financed from budgetary funds, funds of state trust funds accumulated in the budgetary system.

Tax credits, deferrals and installments for the payment of taxes and other obligatory payments are fully accounted for separately for revenues and expenditures of budgets and state trust funds.

5. Balance of the budget: the volume of budgeted expenditures should correspond to the total volume of budget revenues and receipts from sources of financing its deficit. At the same time, there may be a deficit of income and expenses, as well as a primary budget surplus;

6. Efficiency and economy of using budget funds: when drawing up and executing budgets, authorized bodies and recipients of budget funds should proceed from the need to achieve the specified results using the least amount of funds or achieve the best result using a certain budget amount of funds ...

7. Total or total coverage of expenses: all budget expenses should be covered by the total amount of budget revenues and receipts from sources of financing its deficit. Budget revenues and receipts from sources of financing its deficit can be used to finance certain budget expenditures only when financing targeted budget funds, as well as in the case of centralization of funds from budgets of other levels of the budget system.

8. Publicity means:

1) publication in the open press of approved budgets and reports on their implementation, completeness of information on the progress of budget execution;

2) openness of procedures for considering and making decisions on draft budgets, including on issues causing disagreement either within the legislative or representative body of state power, or between the legislative or representative and executive bodies of state power.

9. The reliability of the budget: the reliability of the indicators of the forecast of the socio-economic development of the corresponding territory and the realistic calculation of budget revenues and expenditures.

10. Targeting and targeted nature of budget funds: budget funds are allocated at the disposal of specific recipients of budget funds, indicating their direction to finance specific goals.

Any actions leading to a violation of the targeting of the envisaged budget funds are a violation of the budgetary legislation of the Republic of Tajikistan.

Being an integral part of financial relations and having a monetary form of expression, the budget performs the following functions:

1) distribution, which is manifested through the formation and use of a centralized fund of funds at the levels of state and territorial power;

2) control, which acts simultaneously with the distribution and presupposes the possibility and obligatory state control over the receipt of budgetary funds;

3) regulatory,which is manifested in the fact that with the help of the budget the state regulates the economic life of the country, directing budget funds to support and develop individual industries and regions, using appropriate financial levers for this (budget and tax mechanism).

7.2. Budget classification concept

In the system of public finance, budget classification provides accounting and systematization of information about the state of the budget.

The budget classification is a grouping of budget revenues and expenditures, sources of financing budget deficits and is used for the preparation and execution of budgets, ensures the comparability of budget indicators at all levels of the budget system.

The budgetary classification of the Republic of Tajikistan includes:

1.Classification of budget revenues is a grouping of revenues of budgets of all levels of the budget system in accordance with the sources of their formation, established by the relevant legislative acts. Income groups are made up of income items that group specific types of income by source and how they are generated.

2. Functional classification of budget expenditures, which is a grouping of budget expenditures at all levels and reflects the direction of budgetary funds to perform the main functions of the state.

 The first level of the functional classification of expenditures of the budgets of the Republic of Tajikistan - sections, the second level of subsections, specifying the direction of budget funds for the performance of state functions within the sections, reflecting the financing of expenditures in specific areas of activity of the main managers of funds within the subsections of the functional classification of budget expenditures ...

 3. Economic classification of budget expenditures. This is a grouping of expenditures of budgets of all levels according to their economic content. It includes current and capital items of expenditure. On its basis, estimates of budgetary institutions are drawn up.

4.Classification of sources of financing budget deficits, which is a grouping of borrowed funds attracted by the Republic of Tajikistan and local governments to cover the deficits of the respective budgets.

5. Departmental classification, which is intended to determine the main managers of budgetary funds. On its basis, the State Treasury of the Republic of Tajikistan and local financial bodies maintain a register of all managers of budgetary funds.

Table 7.1.

Budget classification

|  |  |
| --- | --- |
| 1 | Classification of budget revenues |
| 2 | Classification of budget expenditures:Functional classification of budget expenditures- Economic classification of budget expenditures- Departmental classification of budget expenditures |
| 3 | Funding sources classification |
| 4 | Classification of sources of domestic financing of budget deficits |
| 5 | Classification of sources of external financing of budget deficits |
| 6 | Classification of types of public debt |
| 7 | Classification of types of government domestic debts |

The budget classification in terms of the classification of budget revenues, the functional classification of budget expenditures, the economic classification of budget expenditures, the classification of sources of financing budget deficits is the same for budgets of all levels of the budget system and is approved by local law.

Legislative or representative bodies of local government can carry out further detailing of objects of the budget classification in terms of target items and types of expenses, without violating the general principles of construction and unity of the budget classification of the Republic of Tajikistan.

 The budget classification is approved in the form of a law, which is amended and supplemented simultaneously with the adoption of the law on the state budget for the corresponding financial year. Improving the budget classification will increase the efficiency of mobilization and use of budget funds, ensure transparency of budgets at all levels and optimize accounting policies.

As part of the budget classification of budget revenues, the following main groups, subgroups and income items are distinguished:

I. Tax revenues:

• tax on profit (income) of organizations;

• tax on income from capital;

• personal income tax;

1) taxes on goods and services, license and registration fees:

• value added tax;

• excise taxes on excisable goods (products) and certain types of mineral raw materials produced in the territory of the Republic of Tajikistan and imported into the territory of the Republic of Tajikistan;

 • tax on the purchase of foreign banknotes and payment documents denominated in foreign currency;

• sales tax;

• a single tax on total income for small businesses - imputed income tax;

2) property taxes:

• tax on property of individuals;

• tax on property of organizations;

• property tax;

• inheritance or gift tax;

3) payments for the use of natural resources:

• payments for the use of subsoil;

• tax on the reproduction of the mineral resource base;

• tax on additional income from hydrocarbon production;

• forest tax;

• water tax;

• environmental tax;

• land tax;

4) taxes on foreign trade and foreign economic transactions:

• customs duty;

• customs duties;

5) other taxes, duties and fees:

• National tax;

• contributions to government funds;

• road tax;

• transport tax;

• tax on gambling business;

• advertising tax;

II. Non-tax income:

6) income from property, which is in state and local ownership, or from activities:

• income from the use of state and local property;

• dividends on state-owned shares;

• income from the lease of state-owned property;

• interest received from placement of temporarily surplus budget funds with credit institutions;

• interest earned from the provision of budget loans within the country;

• income from the provision of services or compensation for government costs;

• transfer of profits of the National Bank of the Republic of Tajikistan;

• payments from state and local organizations;

• payment for the allocation of quotas for catching aquatic biological resources to joint ventures and foreign legal entities;

• other receipts from state and local property or from activities;

7) income from the sale of state and local property:

• receipts from the privatization of state-owned organizations;

• receipts from the sale by the state of its shares in organizations;

• income from the sale of apartments;

• income from the sale of state production and non-production assets, vehicles, other equipment;

• income from the sale of confiscated, ownerless property, treasures and other property transferred to state and municipal property;

• income from the sale of state reserves;

• income from the sale of land and intangible assets;

• receipts of capital transfers from non-governmental sources;

• administrative fees and charges;

• penalties, compensation for damage;

• income from foreign economic activity;

• other non-tax income;

8) gratuitous transfers:

• from budgets of other levels;

• from state extra-budgetary funds;

• from government organizations;

• from supranational organizations;

• funds transferred to targeted budget funds;

9) income of target budget funds:

• road funds;

• environmental funds;

• Fund for the Development of the Customs System of the Republic of Tajikistan;

• state fund for combating crime;

• fund for the reproduction of the mineral resource base;

The functional classification of budget expenditures of the Republic of Tajikistan includes the following sections:

• public administration and local government;

• judicial branch;

• International activity;

• national defense;

• law enforcement and security of the state;

• fundamental research and promotion of scientific and technological progress;

• industry, energy and construction;

• Agriculture;

• protection of the environment and natural resources, hydrometeorology, cartography and geodesy;

• transport, road facilities, communications and informatics;

• development of market infrastructure;

• Housing and utilities;

• prevention and elimination of consequences of emergencies and natural disasters;

• education;

• culture, art and cinematography;

• media;

• health care and physical education;

• social politics;

• servicing the public debt;

• replenishment of state reserves and reserves;

• financial assistance to budgets of other levels;

• disposal and elimination of weapons, including the implementation of international treaties;

• mobilization preparation;

• other expenses;

• targeted budgetary funds.

Economic classification of budget expenditures includes the following items:

1) running costs:

• interest payments;

• subsidies and current transfers;

• payment for services for the recognition of property rights abroad;

2) capital expenditures:

• capital investments in fixed assets;

• creation of state reserves and reserves;

• acquisition of land and intangible assets;

• capital transfers;

3) provision of loans (budget loans) minus repayment:

• granting loans (budget loans);

• providing government loans to foreign governments;

• repayment of state loans by the governments of foreign states;

• total costs.

Classification of sources of financing budget deficits

Classification of sources of domestic financing deficit ***n the budgets of the Republic of Tajikistan includes the following items:***

1) financing the budget deficit at the expense of a loan from the National Bank of the Republic of Tajikistan and changes in budget balances;

2) government securities;

3) budget loans received from state extra-budgetary funds;

4) budget loans received from budgets of other levels;

5) other sources of internal financing.

The classification of sources of external financing of the deficit includes:

1) loans from international financial organizations;

2) loans from governments of foreign states, provided to the Republic of Tajikistan;

3) loans from foreign commercial banks and firms provided to the Republic of Tajikistan;

4) change in the balance of budget funds in bank accounts in foreign currency;

5) other external financing.

Departmental classification of budget expenditures reflects the distribution of budget funds among the main managers of state budget funds (direct recipients of funds from the local budget), for example:

\* Administrative Department of the President of the Republic of Tajikistan;

\* Parliament of the Republic of Tajikistan;

\* Ministry of Defense of the Republic of Tajikistan, etc.

7.3. Budget deficit and sources of its coverage

In economic theory, it is customary to distinguish three main states of the budget:

1) scarce;

2) surplus;

3) balanced.

The excess of expenditures over revenues (negative budget balance) constitutes a budget deficit.

The surplus is the inverse ratio, i.e. excess of income over expenditures (positive budget balance).

A balanced budget is the result of a budgetary policy in which expenditures are fully supported by revenues. It is generally accepted to consider a budget to be balanced if its deficit or surplus does not exceed 1% of the total expenditure.

In the process of drawing up, approving and executing budgets, there can be a balance of income and expenses, an excess of expenses over income (budget deficit) or an excess of income over expenses (budget surplus).

The state budget and local budget are drawn up and approved without a surplus.

The primary surplus is understood as the excess of income over expenditures, excluding the cost of servicing the public debt. In this case, public debt service exceeds the amount of the budget deficit.

To finance the budget deficit, alternative sources of covering it are envisaged. This is, first of all, borrowed funds, attracted from the money, credit or financial markets.

When adopting a budget for the next financial year with a deficit, the law on this budget approves the sources of its financing.

The size of the state budget deficit cannot exceed the total volume of budget investments and expenditures for servicing the state debt of the Republic of Tajikistan.

The size of the local budget deficit cannot exceed 10% of the volume of local budget revenues, excluding financial assistance from the state budget. The proceeds from the sources of financing the local budget deficit are directed only to financing investment costs and cannot be used to finance the costs of servicing and paying off local debt.

Sources of financing the budget deficit

Sources of financing the budget deficit are approved by the legislative authorities in the law on the budget for the next financial year for the main types of attracted funds.

Consider the sources of funding for budget deficits at various levels.

The sources of financing the state budget deficit are:

1) internal sources - loans received by the Republic of Tajikistan from credit institutions in national currency; government loans carried out by issuing securities on behalf of the Republic of Tajikistan; budget loans received from budgets of other levels of the budgetary system of the Republic of Tajikistan;

2) external sources - government loans carried out in foreign currency by issuing securities on behalf of the Republic of Tajikistan; loans from foreign governments, banks and firms, international financial organizations, provided in foreign currency.

 Sources of financing the local budget deficit can be internal sources in the following forms:

1) local loans, carried out by issuing local securities on behalf of a local entity;

2) budget loans received from budgets of other levels of the budgetary system of the Republic of Tajikistan;

3) loans received from credit institutions.

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer self-control questions.

3. Complete the tasks proposed for the topic.

4. Prepare abstracts on topics:

- "Ways to cover the budget deficit"

- "Budgetary policy of the Republic of Tajikistan"

5. Answer test questions.

6. Write out statistical data on the budget of the Republic of Tajikistan for the last 5 years.

Questions for self-control:

1.Formulate a brief definition of the concept of "state budget".

2. What is the role of the state budget in social reproduction?

3. Describe the composition and structure of revenues and expenditures of the state budget of the Republic of Tajikistan.

4. What factors cause the budget deficit?

5. What methods are used to cover the budget deficit?

6. What is included in the budgetary system of the Republic of Tajikistan?

Tasks

1. What is the significance of budget classification?

2. Name the types of budget classification and describe them?

3. Define the role of the budget in the financial mechanism of the state.

4. Collect information about the programs implemented in the republic, financed from the state budget. Using the data from periodicals, evaluate their effectiveness.

5. Study the structure of the state budget of the last few years. Create and analyze trends for the following metrics:

a) budget expenditures;

b) budget revenues;

c) budget deficit / surplus.

Draw conclusions.

6. Analyze ways to cover budget deficits in other countries. What mechanisms can be used in the Republic of Tajikistan? Justify your choice.

7. EXAMPLE: An order was received from the regional center that cities need to reduce costs. The regional leadership has not yet decided to what extent they can be reduced, so the financial department of the city administration asked to prepare plans for 10% - and 25% reduction in costs. The provincial government does not require budgeting, but instead has asked the finance department to prepare a plan for ways to reduce costs. Possible options include:

• increasing the efficiency in the provision of services;

• private sector participation in service delivery;

• reduced service level.

The region is interested in detailed information on these options: What services will be downgraded? How? What types of services will be provided by the private sector? How will the increase in efficiency be achieved and for what services?

Test

1. The set of forms and methods of formation and use of the centralized fund of state funds is called:

A) budgetary mechanism; B) budgetary fund; C) state budget; D) financial plan; E) budget classification.

2. The budget performs the following functions:

A) investment, social, economic; B) fiscal, monetary, financial; C) accounting, anti-crisis, tax; D) incentive, distributive, social; E) distributive, control, regulatory.

3. The budgetary system of the Republic of Tajikistan consists of two levels:

A) amortization fund and off-budget fund; B) budget system and tax policy; C) financial resources and social security; D) republican budget and local budget; E) cash fund and tax receipts.

4. A single systematized grouping of income, expenses and budget financing according to the characteristics of economic essence, it is:

A) budget mechanism; B) budget fund; C) budget classification; D) budget system; E) state budget.

5. Budget classification includes:

A) budget revenues; B) budget expenditures; C) budget financing;

D) public debt; E) all answers are correct.

6.According to the budget classification, the sources of formation of budget revenues are:

A) tax revenues; B) non-tax revenues; C) income from capital transactions; D) transfers; E) all answers are correct.

7. In economic theory, it is customary to distinguish three main states of the budget:

A) banking, local, scarce; B) commercial, non-commercial, local; C) unbalanced, cheap, expensive; D) deficit, surplus, balanced; E) factual, documentary, state.

8. The excess of expenses over income (negative budget balance) is:

A) a balanced budget; B) budget deficit; C) budget surplus; D) actual budget; E) unbalanced budget.

9. The excess of revenues over expenditures (positive budget balance) is:

A) budget deficit; B) budget surplus; C) balanced budget; D) unbalanced budget; E) expensive budget.

10. The state of budgetary policy, in which expenditures are fully supported by revenues, is:

A) budget deficit; B) budget surplus; C) balanced budget; D) cheap budget; E) unbalanced budget.

**Topic 8. The system of revenues of the state budget of the Republic of Tajikistan**

**8.1. Classification of state budget revenues.**

**8.2. The structure of the state budget revenues of the Republic of Tajikistan.**

**8.1. Classification of state budget revenues**

**Budget revenues –** funds received free of charge and irrevocably in accordance with the current classification and existing legislation.

In the process of formation of budget revenues, a part of the GDP created in the process of social reproduction is withdrawn in favor of the state. On this basis, financial relations between the state and taxpayers arise.

Budget revenues have significant differences in their payers, objects of taxation, methods of withdrawal, payment terms, etc. But at the same time, they differ in unity, since pursue one goal - the formation of the revenue side of budgets of different levels. They are characterized by a monetary form and impersonality.

The revenue side of the budget is formed mainly from taxes. The leading place among the tax revenues of the republican budget is the VAT. Together with customs duties and income tax, it exceeds 2/3 of tax revenues. Also, a significant share of receipts falls on excise taxes and payments for the use of natural resources, tax on the purchase of foreign banknotes.

Non-tax budget revenues are formed as a result of either the economic activity of the state itself, or the redistribution of revenues already received by the levels of the budget system.

Budget revenues are generated from tax and non-tax revenues, as well as gratuitous transfers. Also, the balance of funds at the end of the previous year is credited to the budget of the current year.

Tax revenues include republican, regional taxes and fees of the constituent entities of the Republic of Tajikistan and local taxes and fees, as well as penalties and fines provided for by tax legislation.

In the framework of the budget classification, revenues are grouped by sources and methods of their receipt.

Sources of income:

1) Tax revenues:

* value added tax;
* sales tax on cotton fiber and primary aluminum;
* tax on the use of natural resources;
* income tax;
* income tax;
* tax on road users;
* excise.

2) Non-tax income:

* income from the sale of state and local property;
* income from the sale of land;
* administrative fees and charges;
* customs duties;
* income from foreign economic activity;

3) Gratuitous transfers:

* from budgets of other levels;
* from state extra-budgetary funds;
* from government organizations.

According to the procedure and conditions for enrollment, the budget revenues include their own and regulating budget revenues.

Own revenues of budgets are types of revenues fixed by the legislation of the Republic of Tajikistan on a permanent basis, in whole or in part, for the respective budgets. Own budget revenues include: tax revenues, fixed by the legislation of the Republic of Tajikistan, tax revenues and gratuitous transfers.

Regulatory budget revenues include republican and regional taxes and other payments with established rates of deductions (in percent) to the budgets of other levels for the next financial year, as well as on a long-term basis (at least three years).

Regulatory revenues allow local authorities to have the financial resources necessary to perform their functions, to balance the revenue and expenditure side of budgets.

The structure of budgetary revenues is flexible and is largely determined by specific economic conditions. For example, in countries with a high standard of living, the basis of tax revenues is the income of individuals, and in countries with a low standard of living - indirect taxes and taxes on legal entities.

The aggregated scheme of income and official transfers received can be represented as follows:

1. Current income:

1.1. Tax revenues:

-income taxes, income taxes and capital gains;

-deductions to state social funds;

- taxes levied depending on the wage fund;

- property taxes;

-internal taxes on goods and services;

- taxes on foreign trade and foreign economic transactions;

- other taxes, fees and duties;

1.2. Non-tax receipts:

-income from property and business activities;

-administrative fees and charges, sales revenue;

- receipts from fines and sanctions;

- other non-tax receipts.

2. Income from capital transactions:

- sale of fixed capital;

- income from the sale of state reserves;

- income from the sale of land;

- receipts of capital transfers from non-state sources;

3.Official transfers received:

- from non-residents;

- from other government bodies (grants, subventions).

Republican budget revenues.

The revenues of the republican budget include:

• own tax revenues of the republican budget, in addition to tax revenues transferred in the form of regulating revenues to the budgets of other levels of the budget system;

• completely own non-tax income;

• extrabudgetary sources.

Tax revenues of the republican budget include:

1) republican taxes and fees, the list and rates of which are determined by tax legislation, and the proportions of their distribution between the budgets of different levels of the budgetary system are approved by the state law on the state budget for the next financial year;

2) customs duties, customs fees and other customs payments;

3) state duty in accordance with applicable law.

Non-tax revenues of the republican budget are formed from:

1) income from the use of state-owned property, income from paid services rendered by public authorities of the Republic of Tajikistan by budgetary institutions under the jurisdiction of these authorities, in full;

2) income from the sale of state property in accordance with the procedure and in accordance with the standards established by state laws and other legal acts of state authorities of the Republic of Tajikistan;

3) part of the profit of unitary enterprises established in the Republic of Tajikistan, remaining after payment of taxes and other obligatory payments, in the amount established by the Government of the Republic of Tajikistan.

The revenues of the republican budget also take into account:

• profit of the Banks of Tajikistan - in accordance with the standards established by state laws;

• income from foreign economic activity;

• income from the sale of state reserves and reserves.

The own revenues of the republican budget can be transferred to local budgets.

The establishment of new types of taxes, their cancellation or change is possible only by making appropriate changes to the tax code.

State laws on amendments and additions to tax legislation, which come into force from the beginning of the next financial year, are adopted before the approval of the state law on the state budget for the next financial year.

State executive bodies can provide tax credits, deferrals and installments for the payment of taxes and other obligatory payments to the state budget in accordance with the tax code within the limits of the provision of tax credits, deferrals and installments for the payment of taxes and other obligatory payments, determined state law on the state budget for the next financial year.

Income of government trust funds.

The income of state trust funds is formed from special, targeted and mandatory taxes and payments established by the legislation of the Republic of Tajikistan, voluntary contributions from individuals and legal entities, state budget funds, income from entrepreneurial activities carried out by the relevant fund as a legal entity and other income. The revenues of state trust funds are recorded in the state budget of the Republic of Tajikistan for a separate next financial year, separately according to the standards established by the legislation of the Republic of Tajikistan.

Incomes of state trust funds are generated from such sources as:

• Special, target and mandatory taxes and payments established by the legislation of the Republic of Tajikistan;

• Voluntary contributions from individuals and legal entities;

• State budget funds;

• Income from entrepreneurial activities carried out by the respective foundation as a legal entity;

• Other incomes established by the legislation of the Republic of Tajikistan.

The income of the state trust fund - the social insurance and pension budget is accounted for in the state budget of the Republic of Tajikistan for a separate next financial year, separately according to the standards established by the legislation of the Republic of Tajikistan.

Collection and control of obligatory payments to the budget of state trust funds is carried out by the Tax Committee under the Government of the Republic of Tajikistan.

Local budget revenues

Local budget revenues are generated from their own and regulatory tax revenues.

Local budgets receive full income from the use of property in local ownership, and income from paid services provided by local governments and budgetary institutions under the jurisdiction of local governments. The revenues from the sale of locally owned property also go to local budgets. Other non-tax revenues go to local budgets in accordance with the procedure and according to the standards established by state laws and legal acts of local government bodies.

Tax revenues of local budgets include:

1) own tax revenues of local budgets from local taxes and fees;

2) income from regulated taxes and fees transferred to local budgets in accordance with the procedure established by the Law "On the State Budget" for the next financial year;

3) state duties, except for the state duty, which, in accordance with the Law "On the State Budget" for the next financial year, is included in the republican budget.

Features of local taxes:

- their list is determined by the Tax Code of the Republic of Tajikistan;

- the Tax Code of the Republic of Tajikistan defines the maximum possible level of the local tax rate; this means that local authorities in their region can revise the level of the rate of these taxes downward;

- All fees for this tax go entirely to local budgets.

Features of regulated taxes and receipts:

- their list is determined by the Tax Code of the Republic of Tajikistan;

- the Tax Code of the Republic of Tajikistan defines the level of the rate of regulated taxes, which means that local authorities in their region cannot revise the level of the rate of these taxes;

- receipts from these taxes are distributed between the republican and local budgets, based on the proportionality that has been approved for the given financial year;

- the proportion of the distribution of revenues from these taxes between the republican and local budgets, based on the specifics of a particular region, is determined by the Law of the Republic of Tajikistan "On the State Budget" for the next financial year, i.e. the distribution of funds may vary.

 The local budget also receives funds through the following channels:

- financial assistance from the republican budget (subvention);

- additionally allocated funds from the republican budget for mutual settlements;

- free balances of budgetary funds formed at the beginning of the year.

**8.2. Structure of state budget revenues of the Republic of Tajikistan**

The total volume of the State Budget of the Republic of Tajikistan for 2013 from all sources of financing is in the amount of 12057571 thousand somoni, including:

- revenues of the State budget of the Republic of Tajikistan from tax, non-tax revenues and grants - 9452000 thousand somoni, of which:

Table 8.1.

|  |  |  |
| --- | --- | --- |
| Tax revenues |  8469141  | thousand somoni |
| Non-tax receipts |  802859  | thousand somoni |
| Grants to support the budget from internationalfinancial institutions |  180000  | thousand somoni |
| Grants to support the budget from internationalfinancial institutions |  1992684  | thousand somoni |
| f them: |  | thousand somoni |
| Loans | 545701  | thousand somoni |
| Grants | 1053363  | thousand somoni |
| Government loans for the implementation of investment projects in the energy and transport sectors | 393620  | thousand somoni |
| Special funds of budgetary organizations  | 612887  | thousand somoni |

**The total volume of revenues and expenditures of the republican budget**

The republican budget for 2013 in terms of revenues in the amount is 5541108 thousand somoni.

**Table 8.2.**

**Republican budget revenues by sources of income**

|  |
| --- |
| Income receipts from all business entities located on the territory of the Republic of Tajikistan are directed to the republican budget for a total amount of 5541108 thousand somoni, including from: |
| value added tax excise | 3162108 | thousand somoni |
| cotton fiber sales tax | 333000 | thousand somoni |
| primary aluminum sales tax | 134499 | thousand somoni |
| natural resource tax | 40893 | thousand somoni |
| income tax | 275711 | thousand somoni |
| income tax | 211833 | thousand somoni |
| customs duty | 428600 | thousand somoni |
| road user tax | 21832 | thousand somoni |
| other non-tax income | 752632 | thousand somoni |
| grants from international financial organizations | 180000 | thousand somoni |

The ratio of tax and non-tax revenues to the republican budget and local budgets

Table 8.3.

|  |
| --- |
| In 2013, the following tax and non-tax revenues: |
| or the Open Joint Stock Holding Company "Barki Tojik" value added tax, tax on road users, income tax, as well as taxes on natural resources (royalties for water) for HPP "Sangtuda -1" | 100% |
| for state unitary enterprises "Tajik Aluminum Company", "Rohiohani Tochikiston" and Open Joint Stock Company "Tojiktelecom" value added tax and income tax | 100% |
| for the State Savings Bank "Amonatbank" income tax | 100% |
| other national obligatory payments and non-tax revenues (as well as their penalties), tax for the passage of foreign vehicles on the territory of the Republic of Tajikistan | 100% |
| for the Open Joint Stock Holding Company "Barki Tojik" value added tax, tax on road users, income tax, as well as taxes on natural resources (royalties for water) for HPP "Sangtuda -1" | 100% |
| or state unitary enterprises "Tajik Aluminum Company", "Rohiohani Tochikiston" and Open Joint Stock Company "Tojiktelecom" value added tax and income tax | 100% |
| for the State Savings Bank "Amonatbank" income tax | 100% |
| on investment project management centers, diplomatic missions, consulates and persons equated to them, income tax on mobile companies value added tax and excise tax | 100% |
| (except OJSC "Tojiktelecom") | 100% |
| for the National Bank of Tajikistan value added tax, income tax and other mandatory payments | 100% |

1. Отчисления средств от общегосударственных налогов и доходов, поступающих от налогоплательщиков, находящихся на территории Республики Таджикистан, в республиканский и местные бюджеты в следующих пропорциях (процентах):

**Таблица 8.4.**

|  |  |
| --- | --- |
| Value Added Tax: |  |
| to the budgets of regions, cities and districts (except for the cities of Dushanbe, Tursunzade and Vahdat) | 100 percent  |
| around the city of Tursunzade | 100 percent to the republican budget |
| around the city of Dushanbe | 50 percent to the city budget and 50 percent to the republican budget |
| around the city of Vahdat | 80 percent to the city budget and 20 percent to the republican budget |
|  **Profit tax:** |  |
| to the budgets of regions, cities and districts (except for the cities of Dushanbe, Rogun, Tursunzade and Gissar district) | 100 percent to the republican budget |
| around the city of Dushanbe | 50 percent to the city budget and 50 percent to the republican budget |
| around Rogun city | 42 percent to the city budget and 508percent to the republican budget |
| around the city of Tursunzade | 100 percent to the republican budget |
| in the Gissar region | 70 percent to the city budget and 30 percent to the republican budget |
| **Income tax:** |  |
| to the budgets of regions, cities and districts (except for Sughd region, Dushanbe and Rogun cities, Gissar district and Rudaki district) | 100 percent  |
| in Sughd region | 74 percent to the city budget and 26 percent to the republican budget |
| around the city of Dushanbe | 65 percent to the city budget and 35 percent to the republican budget |
| around Rogun city | 50 percent to the city budget and 50 percent to the republican budget |
| in the Gissar region | 75 percent to the city budget and 25 percent to the republican budget |
| in the Rudaki district | 75 percent to the city budget and 25 percent to the republican budget |
| **Road User Tax:** |  |
| to the budgets of regions, cities and districts | 100 percent  |
| **excise taxes:** |  |
|  to the budgets of regions, cities and districts | 100 percent  |
|  **Special tax regime:** |  |
|  to the budgets of regions, cities and districts | 100 percent  |

Tax revenues received in excess of the approved plan in the republican budget for the city of Dushanbe are transferred to the budget of the city of Dushanbe.

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer questions for self-control.

3. Complete the proposed tasks.

4. Prepare abstracts on topics:

- "Classification of state revenues and sources of their formation"

- Income from state property "

5. Write an academic essay on "Mechanisms for Mobilizing State Revenues".

6. Answer test questions.

7. Make an additional glossary on the topic.

8. Write out statistical data on budget revenues of the Republic of Tajikistan for the last 5 years.

Questions for self-control:

1.Formulate the concept of "government revenues" as an economic category.

2. How is the formation of primary, intermediate and final incomes?

3. Name the components of government revenues from different sources.

4. What is the difference between the concepts of "state financial resources" and "state revenues"?

5. What is the economic content of the concept of "net income"?

Tasks:

1. Determine the differences between state revenues and state budget revenues.

2. Classify government revenues according to different criteria. Make a flowchart.

3. EXAMPLE. Analyzing the experience of the countries of Eastern and Central Europe and the republics of the CIS, at the moment there are 5 main types of lending at the municipal level, which usually make up no more than 5% of the total amount of local income:

-Short-term loans at market interest in commercial banks.

-Medium-term loans at market interest in commercial banks.

-Medium-term loans at market interest in municipal banks.

-Medium-term loans at a subsidized interest in government funds.

-Short and medium term municipal bonds.

Question. Are these tools used to form the revenue side of local budgets in the Republic of Tajikistan? Assess the advantages and disadvantages of these tools in relation to the economic situation in the Republic of Tajikistan.

4. Make a presentation on the topic "Sources of budget revenues".

Test

1. Budget revenues are generated from:

A) budget deficit, budget surplus, interbudgetary deficit; B) tax revenues, non-tax revenues, gratuitous transfers; C) civil fees, party dues, administrative fines; D) cash, securities, production materials; E) net profit, financial resources, foreign investment.

2. Non-tax income includes:

A) income from the sale of property; B) income from the sale of land; C) administrative fees and charges; D) income from foreign economic activity; E) all answers are correct.

3. Types of income, fixed by the legislation of the Republic of Tajikistan on a permanent basis, in whole or in part for the respective budgets, are:

A) tax revenues; B) own income; C) federal spending; D) financial resources; E) cash.

4.Republican and regional taxes and other payments with established rates of deductions (in percent) to the budgets of other levels for the next financial year, as well as on a long-term basis, are:

A) deposit income; B) regulating income; C) direct income; D) indirect taxes; E) general expenses.

5. Revenues of state trust funds are generated from taxes and payments:

A) social, economic, financial; B) distributive, incentive, control; C) special, targeted and mandatory; D) functional, international, budget; E) internal, external, simple.

6.Non-tax revenues of local budgets include revenues from the republican budget, which come in the form of:

A) deposits, options; B) money, resources; C) taxes, payments; D) grants, subventions; E) investment, innovation.

7.Money funds received free of charge and irrevocably in accordance with the current classification and existing legislation are:

A) budget revenues; B) budget expenditures; C) customs duties; D) budget surplus; E) budget deficit.

8.According to the budget classification, the sources of formation of budget revenues are:

A) tax revenues; B) non-tax revenues; C) income from capital transactions; D) transfers; E) all answers are correct.

9. The type of state financial assistance is called:

A) deposit; B) subsidy; C) option; D) leasing; E) investment.

10. Income from capital transactions is:

A) sale of fixed capital; B) income from the sale of state stocks; C) income from the sale of land; D) receipts of capital transfers; E) all answers are correct.

**Topic 9. System of expenditures of the state budget of the Republic of Tajikistan**

**9.1. Classification of state budget expenditures.**

**9.2. Budget credit, subsidies, subventions, investments.**

**9.3. Structure of expenditures of the state budget of the Republic of Tajikistan.**

**9.1. Classification of state budget expenditures**

**Budget expenditures** represent the process of allocation and use of financial resources accumulated in the budgets of all levels of the budgetary system, in accordance with the laws on budgets for the corresponding financial year.

The formation of budget expenditures at all levels of the budget system is based on:

• uniform methodological foundations;

• standards of minimum budgetary provision;

• financial costs for the provision of public services, established by the Government of the Republic of Tajikistan.

Budget expenditures, depending on their economic content, are divided into current and capital expenditures. This grouping is established by the economic classification of budget expenditures of the Republic of Tajikistan.

Capital expenditures of budgets are part of the expenditures of budgets associated with expanded reproduction, during the implementation of which the property owned by the Republic of Tajikistan and local entities is created or increased. Capital expenditures support innovation and investment activities. These include expenses intended for investment, for capital repairs, funds provided as budget loans for investment purposes, etc.

The development budget is formed as part of the capital expenditures of the budgets.

Current expenditures of budgets - a part of budget expenditures, ensuring the current functioning of state authorities, local government, budgetary institutions, providing state support to other budgets and individual sectors of the economy in the form of grants, subsidies and subventions.

The provision of budgetary funds is carried out in the following forms:

• appropriations for the maintenance of budgetary institutions;

• funds to pay for goods, works and services performed by individuals and legal entities under state or local contracts;

• transfers to the population (budgetary funds for financing mandatory payments to the population: pensions, scholarships, allowances, compensations, other social payments established by the legislation of the Republic of Tajikistan, legal acts of local government bodies), budget loans to legal entities, subventions and subsidies legal entities;

• grants to individuals and legal entities for the implementation of scientific research work;

• investments in the authorized capital of legal entities;

• budgetary loans, grants, subventions and subsidies to budgets of other levels of the budget system, state non-budgetary funds; loans to foreign states;

• funds for servicing and repayment of debt obligations, including state and local guarantees;

• tax expenses in the amount of granted tax credits, deferrals and installments for the payment of taxes and other obligatory payments to the budget.

In budget expenditures, a significant share is occupied by the costs of budgetary institutions, including:

• wages;

• transfer of insurance contributions to state extra-budgetary funds;

• transfers to the population;

• travel and other compensation payments to employees provided for by law;

• payment for goods, works and services under the concluded state or local contracts;

• payment for goods, works and services in accordance with the approved estimates without concluding state or local contracts.

9.2. Budget loan, subsidies, subventions, investments

Along with gratuitous and irrevocable budgetary appropriations, funds are allocated from the budget on a repayable and paid basis in the form of a budget loan to legal entities that are not state or local unitary enterprises, budgetary institutions.

A budget loan is provided on the basis of a concluded agreement, provided that the borrower provides security for the fulfillment of its obligation to repay the loan.

Methods of ensuring the fulfillment of obligations to return a budget loan are: bank guarantees, sureties, property pledge, including in the form of shares, other securities, shares, in the amount of at least 100% of the loan provided. Securing obligations must have a high degree of liquidity.

The authorized state bodies, local government bodies and budgetary institutions represent, respectively, the Republic of Tajikistan local education in the agreement on the provision of a budgetary loan.

A prerequisite for granting a budget loan is a preliminary check of the financial condition of the recipient of a budget loan by a financial body or on its behalf by an authorized body. The authorized bodies have the right to check the recipient of the budget loan at any time of the loan. They also check the intended use of the budget loan.

Funds from the budget loan are transferred to the borrower to his budget account with a credit institution. Transactions and payments at the expense of budgetary credit are carried out by the borrower independently in accordance with the purposes of its receipt.

The law on the budget for the next financial year specifies the goals, conditions, procedure for granting, budgetary credit limits. The report on budget execution is accompanied by a report on the provision and repayment of budget loans. The return of the provided budgetary funds, payment for their use are equated to payments to the budget.

A budget loan is provided to legal entities that have no overdue debt on previously provided budget funds on a repayable basis.

Budget loans (interest and non-interest) are provided to state or local unitary enterprises on the terms and within the limits stipulated by the respective budgets.

The recipients of the budgetary loan, in accordance with the agreement, undertake obligations to return it and pay interest on time. They provide information and a report on the use of the budgetary credit to the bodies executing the budget, and control bodies of the relevant legislative or representative bodies. Bodies executing the budget keep registers of all provided budget loans for their recipients.

 A budgetary loan is budget funds presented to the budget of another level on a repayable, gratuitous or reimbursable basis for a period not exceeding six months within a financial year.

Budgetary loans expand the possibilities of reallocation of funds within the budgetary system. Due to these loans, a temporary need for funds is covered, caused by a temporary step between the receipt of income and the financing of expenses. This is the so-called cash gap.

Subsidies are budgetary funds provided on the basis of equity financing of targeted expenses within the budgetary system to individuals and legal entities.

Subventions are budgetary funds provided on a gratuitous and irrevocable basis to finance targeted expenditures within the budget system or to legal entities.

Subsidies and subventions to legal entities that are not state or local unitary enterprises, budgetary institutions, as well as citizens-entrepreneurs are provided from:

1) the state budget in accordance with state target programs and laws, on the conditions and in the manner determined by the state law on the state budget for the next financial year;

2) local budgets in accordance with state target programs and laws, regional target programs and decisions of representative bodies of local government, on the conditions and in the manner determined by legal acts of local government bodies.

In case of misuse within the time frame established by the executive authorities, as well as in cases of non-use within the established time frame, subsidies and subventions are subject to return to the relevant budget.

Of particular importance in budget expenditures are the costs of financing budget investments. They are provided for by the relevant budget, subject to their inclusion in the state or local target program or in accordance with the decision of the state executive body or local self-government body.

The provision of budget investments to legal entities that are not state or local unitary enterprises means the emergence of the right of state or local ownership to an equivalent part of the authorized capital and property of legal entities and is formalized by the participation of the Republic of Tajikistan and local entities in the authorized capital of such legal entities ...

Budget investments are included in the draft budget if there is a feasibility study of the investment project, design and estimate documentation, a plan for the transfer of land and structures, a draft agreement between the Government of the Republic of Tajikistan, local government and a legal entity on the participation of the Republic of Tajikistan or local education in the ownership of the subject investment. The objects of production and non-production purposes created with the involvement of budgetary funds in an equivalent part of the authorized capital and property are transferred to the management of the relevant state or local property management bodies.

9.3. Structure of expenditures of the state budget of the Republic of Tajikistan

State budget expenditures for 2013 are provided for by sections and subsections of the functional classification of state budget expenditures in the following amounts:

The total amount of expenditures of the State budget of the Republic of Tajikistan for 2013 was approved in the amount of 12,268,071 thousand somoni, including for financing the areas indicated in table 9.1.

Table 9.1.

Total expenditures of the State budget of the Republic of Tajikistan

|  |  |  |
| --- | --- | --- |
|  | **Expenditures** | **Сумма,сомони** |
| 1. | Government agenciespower and control | - 684423 thousand somoni; |
| 2. | Defense (not printable) | - 447840 thousand somoni; |
| 3. | Law enforcement bodies and courts (not printable) | - 576961 thousand somoni; |
| 4. | Education | - 2130836 thousand somoni; |
| 5. | Health care | - 910715 thousand somoni; |
| 6. | Social protection of the population | - 2170655 thousand somoni; |
| 7. | Cultural and wellness activities | 438989 thousand somoni; |
| 8. | Housing and communal services and environmental protection | 725342 thousand somoni; |
| 9. | Fuel and energy complex | 1712688 thousand somoni; |
| 10. | Agriculture branches, land management and water management | 309333 thousand somoni; |
| 11. | Extraction and processing of usefulfossil, miningindustry and construction | 112447 thousand somoni; |
| 12. | Transport and communications | 1159497 thousand somoni; |
| 13. | Other industries and services | 29843 thousand somoni; |
| 14. | Other expenses | 858503 thousand somoni; |
| 15. | including:- public debt service | 421375 thousand somoni; |
| 16. | - return of the value added tax | 22000 thousand somoni. |

**Republican budget expenditures by functional classification**

The approved expenditures of the republican budget for 2013 by functional type of distribution in the following amounts:

**Table 9.2**

|  |  |  |
| --- | --- | --- |
| Financing of state authorities and administration | 454111 | thousand somoni |
| including: |  |  |
| public authorities and administration | 1082236 | thousand somoni |
| financial and fiscal policy | 103207 | thousand somoni |
| foreign policy activity | 146407 | thousand somoni |
| other government bodies | 96261 | thousand somoni |
| Defense (not printable) | 424423 | thousand somoni |
| Law enforcement, judicial and prosecuting authorities (not printable) | 475419 | thousand somoni |
| Education | 480873 | thousand somoni |
| including: |  |  |
| secondary education | 138719 | thousand somoni |
| higher and secondary vocational education | 196455 | thousand somoni |
| other educational activities | 145699 | thousand somoni |
| Health care | 161415 | thousand somoni |
| including: |  |  |
| hospitals | 100716 | thousand somoni |
| polyclinics | 1588 | thousand somoni |
| public health protection | 10021 | thousand somoni |
| other health care activities | 49189 | thousand somoni |
| Social protection of the population | 386008 | thousand somoni |
| including: |  |  |
| social insurance | 205669 | thousand somoni |
| social protection | 26082 | thousand somoni |
| other activities in the field of social insurance and social protection of the population | 154257 | thousand somoni |
| Cultural - mass, health and social events | 253751 | thousand somoni |
| including: |  |  |
| sporting events | 3623 | thousand somoni |
| Cultural and educational institutions | 52490 | thousand somoni |
| media | 79278 | thousand somoni |
| other activities in the field of cultural and sports events | 118360 | thousand somoni |
| Housing and communal services and environmental protection | 47856 | thousand somoni |
| Fuel and energy complex | 1228778 | thousand somoni |
| Branches of agriculture, land management and water management | 103849 | thousand somoni |
| including: |  |  |
| program for the purchase of seeds of cereals, potatoes and other crops | 5000 | thousand somoni |
| antiepizootic measures | 2000 | thousand somoni |
| cotton industry development program | 760 | thousand somoni |
| locust control program | 5600 | thousand somoni |
| program for the control of harmful insects and diseases of horticulture and viticulture | 1600 | thousand somoni |
| other programs in the agricultural sector, land management and water management costs | 88889 | thousand somoni |
| Extraction and processing of minerals, mining and construction | 91703 | thousand somoni |
| Transport and communication | 134522 | thousand somoni |
| Other industries and services | 28688 | thousand somoni |
| Other activities | 1474080 | thousand somoni |
| including: |  |  |
| servicing government debt | 421375 | thousand somoni |
| of them: |  |  |
| external debt service | 338262 | thousand somoni |
| domestic debt service | 83113 | thousand somoni |
| expenses of the city of Dushanbe for the implementation of the function of the capital | 11000 | thousand somoni |
| Contingency Fund of the Government of the Republic of Tajikistan | 46300 | thousand somoni |
| including |  |  |
| State Committee for Investments and State Property Management of the Republic of Tajikistan to create a fund to support entrepreneurship | 5000 | thousand somoni |
| other expenses not classified by sector of the economy | 995405 | thousand somoni |
| including: |  |  |
| value added tax refund | 220000 | thousand somoni |
| transfers to local budgets in the form of earmarked funds (subventions) | 629236 | thousand somoni |

**Расходы республиканского бюджета по экономической классификации**

В 2013 году расходы министерств, ведомств, организаций за счет республиканского бюджета по экономической классификации осуществляются в следующих размерах:

**Таблица 9.3**

|  |  |  |
| --- | --- | --- |
| а) текущие расходы  | 3954949 | тыс.сомони |
| расходы на товары и услуги  | 2473962 | тыс.сомони |
| в том числе: |  |  |
| заработная плата и жалование  | 984773 | тыс.сомони |
| социальное страхование и пенсии  | 123074 | тыс.сомони |
| прочие приобретения товаров и услуг  | 1366115 | тыс.сомони |
| из них: |  |  |
| оплата за использование газа,электроэнергии, связи и другие коммунальные услуги  | 101266 | тыс.сомони |
| приобретение малоценного оборудования,инвентаря, других товаров и услуг | 1264849 | тыс.сомони |
| Обслуживание внутреннего и внешнего долга  | 421375 | тыс.сомони |
| Субсидии и другие текущие трансферты  | 1059612 | тыс.сомони |
| в том числе: |  |  |
| субсидии и трансферты предприятиям и государственным организациям  | 62719 | тыс.сомони |
| трансферты другим уровням органов государственного управления  | 651736 | тыс.сомони |
| трансферты населению  | 284497 | тыс.сомони |
| из них: |  |  |
| пенсионное обеспечение силовых структур и государственных служащих  | 117901 | тыс.сомони |
| трансферты зарубежным организациям  | 60660 | тыс.сомони |
| б)капитальные расходы  | 1784430 | тыс.сомони |
| в том числе: |  |  |
| приобретение основного капитала  | 106190 | тыс.сомони |
| централизованные капитальные вложения  | 1652880 | тыс.сомони |
| приобретение товаров для создания запасов | 17000 | тыс.сомони |
| капитальные трансферты  | 8360 | тыс.сомони |
| в)выдача кредитов переселенцам и государственным служащим  | 6196  | тыс.сомони |

**Целевые средства (субвенции), выделяемые из республиканского бюджета бюджетам Горно- Бадахшанской автономной области, Хатлонской области и районов республиканского подчинения**

Объём целевых средств (субвенции) из республиканского бюджета в бюджеты Горно-Бадахшанской автономной области, Хатлонской области и районов республиканского подчинения утвержден в сумме 629236 тыс. сомони, в том числе для:

**Таблица 9.4**

|  |  |  |
| --- | --- | --- |
| Горно-Бадахшанской автономной области  | 130640 | тыс. сомони |
| Хатлонской области | 375214 | тыс. сомони |
| Варзобского района | 10260 | тыс. сомони |
| Раштского района | 25569 | тыс. сомони |
| Джиргитальского района | 1900 | тыс. сомони |
| Нурабадского района | 16110 | тыс. сомони |
| Тавильдаринского района | 10206 | тыс. сомони |
| Таджикабадского района | 1262 | тыс. сомони |
| Файзабадского района | 13701 | тыс. сомони |
| Шахринавского района  | 15908 | тыс. сомони |

Unused funds from the wage fund at the expense of the local budgets allocated from the republican budget in the form of subventions and by mutual settlements at the end of 2013 are returned to the republican budget.

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer questions for self-control.

3. Complete the proposed tasks.

4. Prepare abstracts on the topics:

- "Classification of government spending in the Republic of Tajikistan"

- "Composition and structure of government spending in the Republic of Tajikistan"

5. Answer test questions

6. Make an additional glossary on the topic.

7. Write down statistical data on budget expenditures of the Republic of Tajikistan for the last 5 years.

Questions for self-control:

1. What is the economic essence of the concept of "government spending"?

2. What is the socio-economic role of government spending?

3. What principles are applied when organizing public spending?

4. What are the criteria and types of classification of public spending?

5. What are the methods and forms of financing in public spending?

6. What are the features of spending on education in the Republic of Tajikistan?

7. What institutions of culture, art and mass media are funded by the state in the Republic of Tajikistan?

Tasks:

1. Give a description and composition of spending on the economy in the Republic of Tajikistan.

2. Give the classification of expenses for social and cultural activities, analyze their dynamics.

3. List the sources of funds for financing health care in the Republic of Tajikistan.

4.How are spending on social security and social assistance financed in the Republic of Tajikistan?

5. EXAMPLE. The US budget documents include:

1.Operative budget, the funds of which go to cover the operating costs. Generally, in the United States, state and local governments are not legally permitted to run a current operating budget deficit. This means that the current operating budget must be balanced every year.

2. The Capital Budget is responsible for major new construction projects. The capital budget finances the expenditures on facilities and equipment with a long service life and the ability to generate income in a few years. Such investments usually require loans and debt repayments over several years, since the amount of capital investment is usually large.

3. The budgets of special funds are responsible for programs funded with revenues from certain sources (tax on the sale of gasoline and wheels goes to finance the road program).

Question. What is the structure of the expenditure side of the budget? What is included in the recurrent budget and in the capital budget? What are the common and what are the differences in the budget documents of the USA and the Republic of Tajikistan?

Test

1.Money allocated to finance the implementation of the tasks and functions of the state and local self-government are called:

A) budget revenues; B) budget expenditures; C) customs duties; D) budget surplus; E) budget deficit.

2. The monetary costs of the state associated with the financing of investment and innovation activities are called:

A) customs expenses; B) capital expenses; C) anti-crisis expenses; D) banking expenses; E) fixed expenses.

3. Capital expenditures of the budget, include:

A) capital investment in fixed assets; B) capital construction; C) major repairs; D) land acquisition; E) all answers are correct.

4.Functional costs include:

A) costs of the judiciary; B) costs of national defense; C) costs of law enforcement; D) industrial spending; E) all answers are correct.

5. Expenditures of the state budget of the Republic of Tajikistan, depending on the economic significance, are divided into:

A) social and economic; B) current and capital; C) special and targeted; D) functional and international; E) internal and external.

6.Part of budget expenditures, intended for the current activities of authorities and state administration, is:

A) social expenses; B) external expenses; C) special expenses; D) operating expenses; E) internal expenses.

7. Budget expenditures intended to finance the development of investment activities are:

A) production costs; B) fiscal spending; C) running costs; D) banking expenses; E) capital expenditures.

8. The composition of the costs of social and cultural activities include:

A) an allocation for innovation; B) an allocation for investment; C) an allocation for railway support; D) appropriations for education and science; E) appropriations for state security.

9.Types of state financial assistance are called:

A) subsidy; B) subvention; C) subsidy; D) appropriation; E) all answers are correct.

10. On what basis are funds from the development budget used for the implementation of investment projects that ensure the restructuring of the economy?

A) on a competitive basis B) on a returnable basis; C) on an urgent basis; D) on a paid basis; E) all answers are correct.

Topic 10. Stages and procedures of the budget process

10.1. The essence and concept of the budgetary process.

10.2. Stages of the budget process.

10.3. The procedure for drawing up the draft budgets of the Republic of Tajikistan.

10.4. Report on the execution of the state budget of the Republic of Tajikistan.

10.1. The essence and concept of the budget process

The budgetary process is the preparation, consideration, approval and execution of all types of the state budget.

The budgetary process is the activity of public authorities, local governments and participants in the budgetary process, regulated by the norms of law, for the preparation and consideration of draft budgets of state trust funds, the approval and execution of budgets and budgets of state trust funds, as well as control over their execution.

An integral part of the budgetary process is budgetary regulation, which is a partial redistribution of financial resources between budgets of different levels.

The budget process lasts about three and a half years, and this time is called the budget period, that is, this is the time during which the budget process lasts.

The financial year is the time during which the execution of the state budget, which has the force of law, is mandatory.

Participants in the budget process

The budget process involves:

- President of the Republic of Tajikistan;

- legislative (representative) authorities;

- executive agencies;

- bodies of monetary and foreign exchange regulation;

- local representative and executive bodies of state power;

- state trust funds;

- the main manager, administrators and recipients of budget funds;

- budgetary institutions, state unitary enterprises and unitary enterprises of local government bodies, credit organizations that carry out operations with budget funds;

- other bodies entrusted by the legislation of the Republic of Tajikistan with powers in the field of financial, budgetary and tax administration.

The concept of a fiscal year is important to the budgeting process. The financial year may coincide with the calendar year (from January 1 to December 31), but in a number of countries its beginning has been shifted to March 1 or April 1.

When allocating budget funds, it is necessary to determine to whom and how much is owed. For this, a budget list is drawn up.

With the help of the budget list, recipients of budget funds, managers of public funds (public authorities authorized to dispose of state budget funds and distribute them among recipients) are determined. The lists related to the recipients of budget funds are approved by the administrators of budget funds.

Treasury budget execution

Budget funds are stored on the Treasury accounts.

The collection, spending, storage of state budget funds are organized by a special state, financial institution - the treasury. The existence of the treasury is objectively determined by the need to comply with the principle of the unity of the place of collection, storage and payment of budget funds.

The main tasks of the Treasury:

-accounting taxes and payments to the state budget;

-distribution of income between budgets of different levels;

- taking into account the benefits and deferrals provided by taxpayers;

-reciprocal settlements between budgets of different levels;

- ensuring targeted and effective spending of funds;

-management of income and expenditures of the state budget on the accounts of the Treasury.

10.2 Stages of the budget process

The budgeting process consists of four stages:

The first stage of the budgeting process is drafting the budget. It is preceded by the development of plans and forecasts for the development of the territory and target programs of the Republic of Tajikistan and economic sectors, as well as the preparation of consolidated financial balances, on the basis of which the executive authorities develop draft budgets.

Drafting budgets - the exclusive prerogative of the Government of the Republic of Tajikistan, relevant executive authorities and local self-government bodies.

Directly drafting budgets is carried out by the Ministry of Finance of the Republic of Tajikistan and the financial bodies of local self-government.

The drafting of the state budget begins no later than 10 months before the start of the next financial year.

The Government of the Republic of Tajikistan organizes step-by-step work on the preparation of the draft state budget. At a certain time, forecasts of socio-economic development, a consolidated balance of financial resources, the main directions of budgetary policy of the Republic of Tajikistan are drawn up, control figures of the draft state budget for the corresponding period and other documents are calculated. Territorial executive authorities are conducting a detailed study and coordination of indicators of socio-economic development and target figures for the state budget.

This stage ends with the fact that no later than August 20 of the year preceding the next financial year, the Government of the Republic of Tajikistan considers the draft budget and other accompanying documents and materials provided by the Ministry of Finance of the Republic of Tajikistan and other state executive bodies, and approves the draft state law on state budget to submit it to Machlisi Namoyandagon.

The second stage of the budget process is the review and approval of the budget.

Along with the draft state law on the state budget, the Government of the Republic of Tajikistan submits to Machlisi Namoyandagon draft state laws: on amendments and additions to the legislative acts of the Republic of Tajikistan on taxes and fees; on the budgets of state trust funds of the Republic of Tajikistan; on the rates of insurance contributions to state trust funds for the next financial year - until August 1.

MachlisiNamoyandagon is considering the draft state law on the state budget for the next financial year in readings.

The third stage of the budgeting process is budget execution. Treasury execution of budgets is currently being established. The executive authorities are responsible for organizing the execution of budgets, managing budget accounts and budget funds. These bodies are cashiers of all administrators and recipients of budget funds and make payments from budget funds on behalf of and on behalf of budgetary institutions.

The execution of the state budget and other budgets ends on December 31.

The fourth stage of the budget process is the preparation, review and approval of the budget execution report.

At the end of each financial year, the Minister of Finance issues an order to close the year and prepare a report on the execution of the state budget as a whole and the budget of each state trust fund separately. On the basis of this order, all recipients of budgetary funds prepare annual reports on income and expenses. The main administrators of budgetary funds bring together and summarize the reports of subordinate budgetary institutions.

At all stages of the budget process, state financial control must be exercised.

10.3. Procedure for drafting budgets of the Republic of Tajikistan

Drafting the state budget of the Republic of Tajikistan for the next financial year and the Medium-term program of public expenditures is the exclusive prerogative of the Government of the Republic of Tajikistan.

The draft state budget is drawn up on the basis of a forecast of the socio - economic development of the Republic of Tajikistan, sectors of the economy, the consolidated financial balance and taking into account the achievement of minimum state social standards on the basis of the standards of financial costs for the provision of public services, other standards established by the legislation of the Republic of Tajikistan.

The state budget drafting process consists of two stages:

- drawing up a Medium-term program of public expenditures;

- preparation of the draft state budget for the next financial year.

The work on the preparation of the Medium-Term Public Expenditure Program is organized by the Ministry of Finance of the Republic of Tajikistan on the basis of the decision of the Government of the Republic of Tajikistan to start the development of the draft Medium-Term Public Expenditure Program.

The purpose of the development of the Medium-Term Public Expenditure Program is to create opportunities for the management of the state's financial resources in accordance with the long-term and medium-term goals and priorities of public policy. The medium-term public expenditure program serves as the basis for drawing up the draft state budget for the next financial year.

The list of information for drawing up the Medium-Term Public Expenditure Program and the corresponding sectoral (sectoral) medium-term public expenditure programs includes:

- forecast of socio-economic development of the Republic of Tajikistan for the year preceding the next financial year and three subsequent years;

- the main directions of the fiscal, monetary and foreign exchange policy of the Republic of Tajikistan for the next three years;

- forecast of the consolidated financial balance for the year preceding the next financial year and the next three years with certain ceilings for state financing of industries (sectors);

- targeted investment program for the next three years with corresponding funding ceilings;

- the structure of public debt, the program of public internal and external borrowing for the year preceding the next financial year and for the next three years.

The executive bodies of state power, responsible for state policy in the relevant sectors, develop and submit to the Ministry of Finance of the Republic of Tajikistan sectoral (sectoral) medium-term programs of public expenditures, signed by the heads of these bodies. In case of failure to submit in due time, sectoral (sectoral) programs of public expenditures are developed by the Ministry of Finance of the Republic of Tajikistan.

In the process of drawing up the Medium-Term Program of Public Expenditures, the Ministry of Finance of the Republic of Tajikistan has the right to demand and receive from the executive bodies of state power all the information it needs.

The Ministry of Finance of the Republic of Tajikistan, within the time frame established by the Government of the Republic of Tajikistan and on the basis of sectoral (sectoral) medium-term public expenditure programs, prepares a draft Medium-term public expenditure program and submits it for consideration to the Government of the Republic of Tajikistan.

By July 1, the Government of the Republic of Tajikistan approves and publishes the draft Medium-Term Program of Public Expenditures and submits it for information to the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan.

To draw up the draft state budget, the following documents and materials are prepared:

- forecast of socio-economic development of the Republic of Tajikistan for the next financial year;

-the main directions of the budgetary and taxation, monetary and foreign exchange policy of the Republic of Tajikistan;

- forecast of the consolidated financial balance for the next financial year;

-address investment program;

-plan for the development of the public sector;

- the structure of public debt, the program of public internal and external borrowing;

-the program of state guarantees;

-estimation of losses to the state budget from the provided tax benefits;

-evaluation of the expected execution of the budget for the current financial year;

- other documents and materials provided for by this Law.

The Ministry of Finance of the Republic of Tajikistan, on the basis of the decision of the Government of the Republic of Tajikistan, prepares for ministries and departments, local government bodies, budgetary institutions a Regulation on the formation of a draft budget for the next financial year, which determines the fiscal policy, the main parameters of budget revenues and expenditures, its schedule preparation and procedure for submission of calculations and justifications for budgets.

The government bodies, the National Bank of Tajikistan and other economic entities responsible for the socio-economic development of the republic submit to the Ministry of Finance detailed indicators of the production of goods (works, services) for the reporting year and the forecast period, necessary for drawing up the draft republican budget.

The Ministry of Finance establishes the procedure for the preparation of information for the preparation and submission of estimates of budgetary institutions. Documents submitted by budgetary institutions should include the following information;

- draft estimates of revenues and expenditures for the forthcoming budget year by sectors, groups, items and articles in accordance with the budget classification;

- draft estimates of income and expenses for the medium term by sectors, groups and items in accordance with the budget classification;

-information about the network of institutions and organizations, states (permanent and temporary) and contingent for which it is necessary to provide funds;

- clarification and justification of the calculations, allowing the Ministry of Finance to review and analyze the budget proposals;

- proposals for the formation of state investment programs for the medium term, separately for each year.

The Ministry of Finance analyzes all calculations of receipts and budget payments, proposes the necessary adjustments to budgetary institutions, and also determines the required amount of borrowings and possible sources of their receipt.

In case of any disagreement between the Ministry of Finance and ministries, departments, other budgetary institutions regarding the preparation of the draft budget, the Ministry of Finance makes decisions and submits them for consideration to the Government of the Republic of Tajikistan.

The budgets of state trust funds are drawn up by the bodies managing these funds, in accordance with the regulations and within the time frame established by the Ministry of Finance.

In case of disagreement between the Ministry of Finance and the bodies providing the budget of state trust funds, the Ministry of Finance makes decisions and submits them for consideration to the Government of the Republic of Tajikistan.

Local budgets are drawn up by local executive government bodies in accordance with the requirements of this Law, the legislation of the Republic of Tajikistan on local government bodies, and other regulatory legal acts of the Republic of Tajikistan.

The local financial authority is responsible for the preparation of local budgets.

Procedure for presenting local budgets

Projects of local budgets are submitted to the Ministry of Finance by the chairmen of the Gorno-Badakhshan Autonomous Region, regions, the city of Dushanbe, cities and districts of republican subordination.

The submitted projects of local budgets should contain the following information: indicators of income and expenses for the next financial year and the medium-term period: calculations of the required amounts of subsidies and subventions allocated from the republican budget. The explanations and justifications for the calculations allow the Ministry of Finance to review and analyze the budget proposals.

In case of disagreement between the Ministry of Finance and local executive bodies of state power regarding the preparation of the draft local budget, the Ministry of Finance makes decisions and submits them for consideration to the Government of the Republic of Tajikistan.

The chairmen of the cities and districts of regional and city subordination shall submit to the higher executive authorities the indicators of income and expenditure of budgets and calculations to them in accordance with the requirements and rules provided for by this article.

The procedure for presenting the draft state budget

The Ministry of Finance, on the basis of the submitted proposals on the budget, prepares projects of the state budget, the republican budget and the budgets of state trust funds for the next financial year and submits them to the Government of the Republic of Tajikistan by September 20 of this year.

The Government of the Republic of Tajikistan, in accordance with the established procedure, considers the submitted draft state budget, republican budget and budgets of state trust funds and makes an appropriate decision.

The Government of the Republic of Tajikistan submits the draft state budget for the next financial year to the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan for consideration annually before November 1 of the passing year.

Documents and materials submitted to the Majlisi Namoyandagoni Majlisi Olia of the Republic of Tajikistan simultaneously with the draft Law on the State Budget

The Government of the Republic of Tajikistan, when submitting to the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan the draft law on the state budget of the Republic of Tajikistan for the next financial year, simultaneously submits the following materials:

- preliminary results of the socio-economic development of the Republic of Tajikistan for the past period of the current year;

- forecast of social and economic development of the Republic of Tajikistan for the next financial year;

-the main directions of budgetary and tax policy for the next financial year;

- forecast of the consolidated financial balance for the next financial year;

-projects of republican target programs, which are financed from the republican budget;

-calculations according to the articles of the classification of the republican budget, sections and subsections of the functional classification of the budget for the next financial year;

-calculations for the main administrators and administrators of budgetary funds of departmental classification;

- a draft program of government external borrowing and the provision of loans to foreign countries for the next financial year;

- the project of the structure of the state external debt of the Republic of Tajikistan and the program of internal borrowing, provided for covering the budget deficit;

- draft laws of the Republic of Tajikistan on the suspension or cancellation of laws providing for the expenditure of funds from the state budget;

- other documents required in accordance with the regulations of the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan;

Simultaneously with the introduction of the draft law of the Republic of Tajikistan on the state budget of the Republic of Tajikistan for the next financial year, the following draft laws are introduced in the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan:

-on amendments and additions to the Tax Code of the Republic of Tajikistan to the Customs Code of the Republic of Tajikistan;

- on the budget of state trust funds.

Contingency fund

The contingency fund is annually included in the volume of expenditures of the republican budget. The size of the contingency fund is determined when the annual budget is drawn up.

The distribution and use of funds from the contingency fund falls under the jurisdiction of the Government of the Republic of Tajikistan. The funds of the contingency fund are spent on overcoming the consequences of natural disasters, epidemics and other unforeseen circumstances not provided for in the annual budget.

The Government of the Republic of Tajikistan quarterly informs the Majlisi Namoyandagoni of the Majlisi Oliya of the Republic of Tajikistan on the expenditures of the contingency fund.

Reserve Fund of the President of the Republic of Tajikistan

The reserve fund of the President of the Republic of Tajikistan is set at 2 percent of the state budget revenues and is included in the republican budget.

The resources of the reserve fund of the President of the Republic of Tajikistan are spent by order of the President of the Republic of Tajikistan.

Reserve fund of local executive bodies of state power

The reserve fund of local executive bodies of state power is set at 0.5% of the volume of revenues of the corresponding local budget and is included in its expenses.

The reserve fund of local executive bodies of state power is administered by the chairmen of the Gorno-Badakhshan Autonomous Region, regions, the city of Dushanbe, cities and districts.

The procedure for using the resources of the reserve fund of local executive bodies of state power is determined by the Government of the Republic of Tajikistan.

The procedure for consideration and approval of the draft law on the state budget of the Republic of Tajikistan for the next financial year is determined by this Law.

The procedure for considering and approving a draft decision on the local budget is determined by legal acts of the local representative body of state power in accordance with the requirements.

The draft law on the budget of state trust funds is considered and approved simultaneously with the law on the state budget of the Republic of Tajikistan for the next financial year.

The draft Law (decision) on amendments to the tax legislation of the Republic of Tajikistan shall be submitted for consideration and approval by the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan, the local representative body of state power, the subject of the right of legislative initiative before the adoption of the Law (decision) on the budget for the next financial year.

The draft Law of the Republic of Tajikistan on the State Budget of the Republic of Tajikistan for the next financial year, adopted by the Majlisi Namoyandagoni Majlisi Oliya, is not put into effect until December 31 of the passing year, and the financing of expenses is carried out in accordance with the law.

Majlisi Namoyandagoni may adopt a law of the Republic of Tajikistan on financing expenditures from the state budget in the first quarter of the next financial year.

Draft laws on amendments and additions to the Law of the Republic of Tajikistan on the state budget of the Republic of Tajikistan for the next financial year on all issues that are the subject of regulation of the Law are submitted by the Government of the Republic of Tajikistan.

In the event of a decrease or excess of budget receipts, which can lead to a change in funding compared to the approved budget by more than 10 percent of annual assignments, the Government of the Republic of Tajikistan submits to the Majlisi Namoyandagoni Majlisi Oli of the Republic of Tajikistan a draft Law of the Republic of Tajikistan on amendments and additions to the Law of the Republic of Tajikistan on the state budget of the Republic of Tajikistan or the draft Law of the Republic of Tajikistan on the additional state budget of the Republic of Tajikistan for the next financial year, together with the necessary documents.

In the event of a decrease or excess of budget receipts, which may lead to a change in financing compared to the approved budget by less than 10 percent of annual assignments, the Government of the Republic of Tajikistan has the right to make a decision to amend the revenue and expenditure side of the state budget without changing the size of the deficit budget, which is brought to the attention of the Majlisi Namoyandagoniya of the Majlisi Oliya of the Republic of Tajikistan.

The Majlisi Namoyandagonii The Majlisi Oliya of the Republic of Tajikistan considers the said draft law on an extraordinary basis within 15 days.

If the draft law on amendments and additions to the law of the Republic of Tajikistan on the state budget for the next financial year is not adopted within the specified period, the Government of the Republic of Tajikistan has the right to make an appropriate decision on these issues and proportionally reduce or increase the expenditures of the state budget, provided that the Law Of the Republic of Tajikistan on the State Budget for the current year does not provide otherwise.

Procedure for approval of cost estimates

After the approval of the State budget, the Ministry of Finance of the Republic of Tajikistan informs the ministries and departments, organizations and institutions financed from the republican budget about the funds approved for them and, in accordance with the specified information, the ministries and departments, organizations and institutions approve in accordance with the budget classification of the estimate their expenses for each quarter and submit to the Ministry of Finance of the Republic of Tajikistan.

The procedure for drawing up and approving the cost estimate is established by the Ministry of Finance.

The approved budget expenditures of ministries and departments, other budgetary institutions may be changed and redistributed by the decision of the Government of the Republic of Tajikistan in cases stipulated by the law on the state budget of the Republic of Tajikistan for the next financial year.

Within the estimates of ministries and departments, other budgetary institutions, the redistribution of funds between expenditure items and quarters is carried out with the consent of the Ministry of Finance. The redistribution should not exceed two tenths of the amount of financing of the changed article and quarter.

The Ministry of Finance of the Republic of Tajikistan has the right:

- in case of revealing the facts of using the funds of one item of expenditure for expenses under another item, violation of the requirements of economical and efficient financial management and managerial accountability, until the revealed violations are completely eliminated, suspend expenditure transactions for the corresponding item of expenditure or reduce financing of expenses by the amount of violations identified;

- upon expiration of the limitation period for accounts receivable and payable of budgetary institutions, reduce funding for items of expenditure for which the said debt arose by the amount of these debts;

- in cases stipulated by law, when the powers of the main manager, manager and recipient of budget funds change or the size of the annual budget deficit increases, or by decision of the Government of the Republic of Tajikistan, temporarily suspend budget financing, reduce the amount of appropriations or change the time of their allocation.

In the event of reorganization or liquidation of a budgetary institution, the Ministry of Finance makes appropriate changes to the budget within the limits allocated for their maintenance.

Execution of local budgets

The procedure for executing the local budget is similar to the procedure for executing the republican budget. Responsibility for the execution of the local budget rests with the financial bodies of local executive bodies of state power.

Execution of budgets of state trust funds

The execution of the budgets of state trust funds is carried out in the manner established by the Government of the Republic of Tajikistan. Responsibility for the execution of the budgets of state trust funds rests with the heads of the bodies that manage state trust funds.

Review and analysis of state budget execution

The Ministry of Finance, after reviewing and analyzing reports on the execution of the republican budget, local budgets, budgets of state trust funds, quarterly submits to the Government of the Republic of Tajikistan information on an accrual basis on the state of the state budget. The information should contain the following information:

- reporting data on the macroeconomic and financial condition of the Republic of Tajikistan;

- comparison of the volumes of actual and approved income, volumes of actual and approved expenditures, forfeits, deficits and borrowings of the state budget with an explanation of discrepancies between the approved and actual indicators;

- measures to ensure the implementation of the state budget for the remaining period.

Based on the results of the review and analysis of budget execution in the reporting year, the Government of the Republic of Tajikistan makes a decision to bring the current financial year in line with the new economic circumstance and informs the Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan.

End of fiscal year

The right to finance the expenses provided for by the Law of the Republic of Tajikistan on the state budget of the Republic of Tajikistan for the next financial year is terminated on December 31 of the current budget year.

All funds available on the personal accounts of ministries and departments, other budgetary institutions financed from the republican budget, on December 31, must be summed up and transferred to a single account of the Treasury, unless the Ministry of Finance decides otherwise. Local financial bodies and governing bodies of state trust funds in a similar manner summarize the personal accounts of organizations and institutions financed from local budgets, budgets of state trust funds.

10.4. Report on the execution of the state budget of the Republic of Tajikistan

Periodic reports on the execution of the state budget

The Ministry of Finance prepares and publishes regulatory and instructive documents for ministries and departments, other budgetary institutions, local executive bodies of state power, requiring compliance with standard accounting and reporting procedures.

Ministries, departments and other budgetary institutions, in accordance with the terms established by the Ministry of Finance, submit to it quarterly reports on the implementation of estimates of income and expenses, and local executive bodies of state power - quarterly reports on the execution of local budgets.

Based on the results of the execution of the state budget and the republican budget, the Ministry of Finance prepares quarterly reports with a cumulative total. Local financial authorities prepare relevant reports on the execution of local budgets. The Ministry of Finance, local financial bodies submit quarterly reports on an accrual basis, respectively, to the Government of the Republic of Tajikistan and the local executive body of state power.

The Government of the Republic of Tajikistan and the local executive body of state power approve the quarterly report and submit it to the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan, the local representative body of state power. The quarterly report is published by the relevant body in the mass media no later than two months after the end of the said quarter.

At the end of the financial year, the Minister of Finance issues an order to close the year and prepare a report on the execution of the state budget and the budget of state trust funds.

Based on the order of the Minister of Finance, all recipients of budgetary funds prepare annual reports on income and expenditures.

Ministries, departments and other budgetary institutions collate the annual reports of subordinate organizations, make an appropriate decision and submit a consolidated annual report to the Ministry of Finance by March 1 of the current year.

The report on the execution of the budgets of state trust funds is drawn up by the management body of these funds and submitted to the Ministry of Finance by March 1 of the current financial year.

The Ministry of Finance, on the basis of annual reports of ministries, departments, budgetary institutions, recipients of budgetary funds, management bodies of state trust funds, enterprises and state customers, local executive bodies of state power and other authorized bodies, prepares an annual report on the execution of the state budget of the Republic of Tajikistan and submits it to Government of the Republic of Tajikistan until May 1 of this year.

The following information should be reflected in the annual report on the execution of the state budget:

- actual indicators of income and grants received for the year;

-functional and economic costs in accordance with the budget classification in the context of approved and revised volumes and actual indicators;

- the actual level of budget and financing deficit;

-balance of the single treasury account at the beginning and end of the year;

- clarification of the main discrepancies between the actual budget allocation and the approved budget allocation;

- a report on the amount of government borrowing, government debt guarantees issued during the fiscal year, a list of outstanding government debts, information on other debt management operations;

- general overview of investments from the state budget;

- a report on expenses from the reserve fund of the President of the Republic of Tajikistan and the contingency fund.

The Government of the Republic of Tajikistan, in accordance with the legislation of the Republic of Tajikistan, submits an annual report on the execution of the state budget to the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan until June 1 of this year.

Simultaneously with the report on the execution of the State budget for the reporting fiscal year, an annual report on the implementation of the budget of state trust funds is submitted to the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan.

When submitting a report on the execution of the state budget 5 to the Majlisi Namoyandagon, the following documents and materials are also submitted:

- a report on the expenditure of funds from the reserve fund of the President of the Republic of Tajikistan;

-report on the provision and repayment of budget loans;

-report on the provision of state guarantees;

-report on internal and external borrowings of the Republic of Tajikistan;

-report on income received from the use of state property;

-report on the state of the internal and external debt of the Republic of Tajikistan.

An external opinion on the report on the execution of the state budget comes from the state financial control body of the Republic of Tajikistan.

The opinion of the aforementioned body on the report on the execution of the state budget is submitted to the President of the Republic of Tajikistan, the Government of the Republic of Tajikistan, Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan before October 1 of this year. Officials of the aforementioned body are responsible for the inaccuracy and incompleteness of the information contained in the conclusion in accordance with the legislation of the Republic of Tajikistan.

The Government of the Republic of Tajikistan is taking the necessary measures to eliminate the deficiencies contained in the conclusion and bring the guilty persons to justice in accordance with the legislation of the Republic of Tajikistan.

The Majlisi Namoyandagoni The Majlisi Oliya of the Republic of Tajikistan considers and approves the annual report on the execution of the state budget for the previous financial year simultaneously with the draft Law of the Republic of Tajikistan on the State Budget of the Republic of Tajikistan for the next financial year.

The Government of the Republic of Tajikistan publishes an annual report on the execution of the state budget in the media after its approval in the Majlisi Namoyandagoni Majlisi of the Republic of Tajikistan.

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer questions for self-control.

3. Complete the tasks proposed for the topic.

4. Prepare abstracts on the topics:

- "Basic procedures and rules of the budgetary process in the Republic of Tajikistan"

- "State budget as a tool for the implementation of socio-economic programs"

5. Answer test questions.

6. Make an additional glossary on the topic.

Questions for self-control:

1. What is the essence of budget presentation?

2. How is the objective nature of the category "budget cycle" manifested?

3. List the institutions that prepare the budget.

4.What is a budget device?

5. What are the principles underlying the structure of the budgetary system?

6. What is the budgeting process?

Tasks:

1. Expand all stages of the budget execution process.

2. How are budgetary procedures carried out for the republican budget of the Republic of Tajikistan?

3. What is the order and procedures of the budgetary process for local budgets in the Republic of Tajikistan?

4. Study the structure of multi-year budgeting and investment programs in the Republic of Tajikistan over the past several years. Make conclusions.

5. Formulate proposals for improving the draft budget for the next year.

Test

1.The activity of the authorities on the preparation, consideration, approval and execution of budgets regulated by law is called:

A) budget system; B) budget process; C) budget classification; D) budget function; E) budget subsidies.

2. An integral part of the budget process is:

A) budgetary policy; B) budget system; C) budget classification; D) budget function; E) budget regulation.

3. Participants in the budgetary process are:

A) legislative and representative bodies; B) executive bodies; C) monetary authorities; D) state and municipal financial control bodies; E) all answers are correct.

4. The budgetary funds provided by the budgetary list for the recipient or the manager of budgetary funds are called:

A) budgetary regulation; B) budget classification; C) budget process; D) budget allocation; E) budget list;

5. The document on the quarterly distribution of budget revenues and expenditures and revenues from sources of financing the budget deficit, which establishes the distribution of budget allocations between recipients of budget funds, is called:

A) budget list; B) budget allocations; C) budget classification; D) budget regulation. E) budget process;

6. The organization and principles of building the budgetary system, its structure and the relationship between the budgets that it unites, in the process of ensuring the implementation of a single nationwide financial and budgetary policy, is:

A) budget list; B) budget allocations; C) budget device; D) budget surplus; E) budget deficit.

7. Mobilization of planned revenues and financing of planned costs is called:

A) budget deficit; B) budget structure; C) budget process; D) budget execution; E) budget subsidies.

8. Drafting budgets of different levels is:

A) budget planning; B) budget structure; C) budget process; D) budget execution; E) budget system.

9. Stages of the budget process:

A) budget planning; B) budget execution process; C) analysis of budget execution; D) statistical processing of budget indicators; E) all answers are correct.

10. Funds received from public authorities, other states or international organizations on a gratuitous and non-refundable basis are:

A) investments; B) deposits; C) resources; D) money; E) transfers.

**Topic 11. System and structure of the treasury of the Republic of Tajikistan**

**11.1. System and structure of the treasury of the Republic of Tajikistan.**

**11.2 Single Treasury Accounts.**

**11.3. Execution of the republican and local budgets in terms of revenues.**

**11.4. Accounting for off-budget funds.**

**11.5. Preparation of consolidated financial statements.**

**11.1. System and structure of the treasury of the Republic of Tajikistan**

 **Treasury Department** is a state body that ensures the organization of control over income, expenses and treasury execution of the State budget of the Republic of Tajikistan.

 The Treasury is considered a structural subdivision of the Ministry of Finance of the Republic of Tajikistan.

The Treasury consists of the Central Treasury and its local branches in the Gorno-Badakhshan Autonomous Region, regions, the city of Dushanbe, cities and regions of the Republic of Tajikistan.

 Local treasury offices in the cities and districts of the Gorno-Badakhshan Autonomous Region, regions and the city of Dushanbe are directly subordinate to the treasury departments of the Gorno-Badakhshan Autonomous Region and the regions of the city of Dushanbe.

 The central treasury is headed by the director, and its local branches - by the chief.

 In the structure of the Central Treasury, an internal audit and control department is created to ensure the organization of control and targeted use of budget funds.

 The Treasury is obliged to:

- exercise control over the planned treasury execution of the republican budget, local budgets, maintain and manage single treasury accounts and single local treasury accounts:

 - draw up and publish periodic reports on the treasury execution of the State Budget of the Republic of Tajikistan, as well as at the end of the financial year submit the necessary reports to the Ministry of Finance of the Republic of Tajikistan and, in accordance with the established procedure, to the Government of the Republic of Tajikistan and the Majlisi Namoyandagoni Majlisi Oliya of the Republic of Tajikistan,

 - to develop instructions, forms of accounting and reporting on treasury execution of the State budget on revenues and expenditures, as well as on procedures for the full collection of state revenues (tax and non-tax receipts to the republican budget and local budgets), to consolidate all extra-budgetary funds;

 - take into account state assets, including income from shares of non-state organizations owned by the state, liabilities and activities for the management and servicing of financial assets or internal and external debt;

 - to assign the corresponding republican and local budgetary institutions to a certain treasury for their financing;

 - transfer and credit funds on time and in full in accordance with the established procedure to the accounts of budgetary institutions.

 The Treasury organizes and keeps records of the collection of all government revenues, as well as all types of government expenditures made by budgetary institutions. The accounting rules concerning the treasury execution of the republican and local budgets are determined by the Central Treasury. The republican budget and local budgets are executed on the basis of the principle of the unity of the treasury.

 Information about the treasury execution of the State Budget of the Republic of Tajikistan in terms of revenues and expenditures contained in the financial reports of the Central Treasury is considered as the only, authentic and final.

 The Central Treasury and its local branches submit a monthly report to the Ministry of Finance of the Republic of Tajikistan, which, in terms of content, reflects a detailed classification of income and expenses. At the end of the budget year, the Central Treasury, within three months, prepares an annual report on the treasury execution of the State budget of the Republic of Tajikistan and submits it to the Ministry of Finance of the Republic of Tajikistan.

11.2. Single treasury accounts

All revenues from the republican budget should go directly to the single treasury accounts or through transit treasury accounts to local treasury offices.

Unified treasury accounts - unified consolidated bank accounts of the Government of the Republic of Tajikistan, opened by the Ministry of Finance of the Republic of Tajikistan in the National Bank of Tajikistan.

Single local treasury accounts - single treasury accounts opened by local treasury offices in authorized banks to serve local budgets.

Transit treasury accounts of the republican budget are accounts opened by local treasury offices in authorized banks for the collection and daily transfer of republican budget revenues collected in the Gorno-Badakhshan Autonomous Region, regions, the city of Dushanbe, cities and districts of republican subordination, to single treasury accounts.

Unified treasury accounts for extra-budgetary funds - accounts to which funds received by budgetary institutions in addition to the appropriations allocated to them from the state budget of the Republic of Tajikistan are credited.

The National Bank of Tajikistan, servicing single treasury accounts, and authorized banks serving single local treasury accounts, send daily bank statements to the Central Treasury and, accordingly, to local treasury offices, indicating daily receipts of income and expenses incurred. The National Bank of Tajikistan and the authorized banks serving the single treasury accounts also send a monthly daily statement of income and expenditure on the single treasury accounts to the Central Treasury and local treasury offices on the third day of each month.

The central treasury and local treasury branches are served by only one authorized bank.

To collect republican revenues and carry out expenditures on the republican budget, local treasury offices open transit accounts only in the authorized bank in which they have a single local treasury account. The authorized banks transfer the daily revenues of the republican budget received in transit accounts to the single accounts of the Central Treasury. The daily balance on transit treasury accounts in the Gorno-Badakhshan Autonomous Region, regions, the city of Dushanbe, cities and regions of the Republic of Tajikistan must be zero.

The National Bank of Tajikistan and authorized banks do not have the right, without the permission of the Central Treasury and its local branches, to write off funds from treasury accounts or carry out any other operations.

Budgetary institutions, regardless of departmental subordination, can open, with the appropriate permission of the Minister of Finance of the Republic of Tajikistan, in a certain place, bank accounts (somoni, foreign currency, special account).

Budgetary institutions ensure the full crediting of income to the single treasury accounts (to the single treasury sub-accounts, including local ones) received from the work performed and the services provided. Without the receipt of funds to the above accounts and sub-accounts, expenses are prohibited.

11.3. Execution of the republican and local budgets in terms of revenues.

Revenues and taxes of the republican budget in national currency are transferred to the Single Treasury Account of the Central Treasury to the National Bank of Tajikistan from taxpayers, according to payment orders (indicating the details of the taxpayer, bank, payment name, digital designation of tax according to the budget classification of income, amount) or through transit republican accounts treasuries located in the regional branches of Amonatbank.

 The authorized banks send the received taxes in the share established for the republican budget by the Law on the State Budget for the current year, through transit accounts to the Single Treasury Account in the National Bank of Tajikistan with a copy of the payment order in the electronic version. The amount of tax allocated to the local budget is credited to the TSA of the local treasury office.

The Central Treasury carries out daily accounting of incoming revenues to the account of the republican budget.

Also, the Central Treasury records the proceeds from the sale of government securities.

Funds from the sale of government securities are accounted for in the republican budget revenues and are used for the current financing of the republican budget expenditures.

In case of receipt of income on the accounts of the Treasury bodies requiring clarification, the amounts of these incomes are reflected in the reports as unclarified amounts.

For taxes distributed between the republican and local budgets, the receiving bank makes distribution in accordance with the Law on the State Budget. The share of the republican budget is credited to the corresponding transit account, the share of local government bodies is credited to the treasury account of the local budget. Memorial warrants are sent to the Treasury indicating the allocation made. When a bank employee closes a transit account with a payment order or a memorial order, he provides a decoding of the income received, by type of source, according to the budget classification.

Receiving statements of the transit account, the specialist of the treasury maintains a daily report on the income sources received with a breakdown by type of income, prepares weekly, monthly reports on the income received for the regional financial administration and the Ministry of Finance of the republic. In the regional financial department, all reports of districts and cities of regional subordination are summarized, verified with the data of the regional transit account according to extracts, then the report is transmitted to the Ministry of Finance of the Republic of Tajikistan.

At the end of each month, monthly income statements are prepared, based on actual income received, confirmed by reconciliations.

The monthly income statement according to the classification is prepared according to the form and sent to the Central Treasury (revenue department) for accounting. Attached to the report is a report on the collection of various taxes by the MGDS by dates in the form compiled by the treasury of the GBAO, the region and the city of Dushanbe collect income statements in their districts and send one general monthly report to the treasury.

Monthly income reconciliation report.

At the end of each month, each district prepares a detailed income statement for the month according to the classification. This report is signed by both the Treasury and the MGDS authorities. A copy of this signed report is sent to the Central Treasury (revenue department) for their accounting so that any discrepancy between the tax collection figures of the Central Treasury and MGDS can soon be corrected.

Regional treasuries maintain accounts with Amonatbank. All local taxes, including the share of the local budget from revenues distributed between the republican and local budgets, are directed to these accounts.

Amonatbank - the recipient distributes in terms of local budget revenues, in accordance with the Law on the State Budget, and provides an income statement with payment orders confirming the types of taxes received by the regional treasuries.

On the basis of all primary documents attached to the extract from the current account of the local budget, a certificate of income received on the current account (main) of the corresponding budget is drawn up, which is drawn up by the accounting department of the financial authority.

The certificate indicates the section, chapter, paragraph of the budget classification, the name of the income, the number of documents and the amount of each type of payment. After drawing up the certificate, documents related to income, according to which the department (inspection) of state revenues keeps records of the personal accounts of payers, are transferred against the receipt of an employee of this department (inspection). For revenues administered directly by the budget department or by the senior budget inspector, the documents remain in the accounting department of the financial authority, and a receipt for them is not required in the certificate.

For the total amount of income, the required correspondence of accounts is given with a memorial warrant, an extract from the current account (main) of the local budget and other documents in the affairs of the accounting department of the financial authority. All incomes coming to the local budget are reflected in the income book. This book takes into account the income received to local budgets, and the amount of outstanding receipts. The "Table of Contents" section of this book lists all types of income that go into this budget, i.e. the section, chapter and paragraph of the budget classification, the full name of each type of income and the line number of the book assigned for this or that type of income are indicated.

Analytical accounting in this book is kept separately for each type of income.

On the basis of a memorial order and a certificate of income received, entries are made in the book in the "Credit" columns according to the corresponding lines established for each type of income.

If the paid amount of taxes, fines and interest exceeds the accrued amount of tax, fines and interest, then the overpaid amounts are refunded or offset to taxpayers. Operations for the return or offset are carried out in the order of non-cash settlements with the corresponding budget. Excessive amounts of payments (overpayments) to the budget. In the absence of arrears, the amounts of overpayments are credited to the payment of other payments for which the due date has not come, or are returned at the request of the payer.

Enterprises that have tax arrears do not receive planned government subsidies for the amount of existing arrears. Offsetting operations are carried out without submitting a payment order to the bank, by making changes, by agreement of payment, on the income and expenses of a single treasury account of the Central Treasury or a single local treasury account ...

In the course of budget execution between the republican and local budgets, budget funds are redistributed (mutual settlements), budget funds are transferred from the republican to local budgets or vice versa.

Mutual settlements are settlements between budgets of different levels and settlements between budgetary and other entities used in the process of executing the State budget.

The Budget Department prepares an order for mutual settlements and, after signing it, transfers it to the Central Treasury for execution.

The Central Treasury fills out payment documents for mutual settlements and transfers the established funds to the appropriate budget.

In cases of transfer of funds by mutual settlements to all regions for the intended purpose, the codes of the budget classification according to the functional and economic principle of the distribution of the recipient of financing are not put in the payment documents.

In the course of budget execution on mutual settlements, a notification about the mutual settlements made is sent to the local financial authority. By simply calculating the largest amount of mutual settlements minus the smallest amount, the balance of mutual settlements is determined.

For example: the republican budget owes 755 thousand somoni according to mutual settlements of the Sughd region, while the Sughd region must transfer 435 thousand somoni to the republican budget.

The balance of mutual settlements is determined: 755 thousand somoni -435 thousand somoni = 320 thousand somoni, that is, the republican budget must transfer 320 thousand somoni, taking into account mutual settlements. In this regard, a letter is sent to the Regional Financial Administration about the mutual settlements.

Also, mutual settlements are made in the case when the local budget owes the republican one. In this case, the reverse operation is performed. Excessively credited amounts of deductions from state taxes and revenues (symbol 96 of the statements of banks) are recorded in the book of incomes of the local budget in a separate line. The return of incorrect or excessively received revenues is recorded in chronological order, in the columns "Debit" established for this, where the number of the memorial order is indicated, section, chapter, paragraph, amount. At the end of the month, these operations are systematized according to the homogeneity of the types of income for which the return was made, and the total amounts of returned income for each type are entered on the corresponding lines in the "Total for the month" column by debit, after which the totals for each type of income for the current month, from the beginning of the year as a whole on the account №4.

In cases where the refunded amount exceeds the receipts from the beginning of the year for this type of income (for example, when the income tax is refunded at the beginning of the year on recalculation for the past year), the resulting negative balance is recorded in the column "Total from the beginning of the year" in red ink.

The amounts of outstanding receipts are recorded in this book on account No. 41. In cases where the number of lines on one page is not enough for the records of transactions for a month, the following pages of the book are used for certain types of income.

The accounting of state tax receipts and revenues received in city (cities of district subordination), settlement and kishlak budgets is carried out on an off-system basis by district financial departments in a statement in the form established by the Ministry of Finance of the Republic of Tajikistan or regional financial departments, depending on local conditions.

In this statement, receipts of state taxes and revenues are taken into account for each lower budget, as well as for the budget of the district as a whole in the amount of the following indicators: name of tax or income, amount.

Entries in the statement are made as soon as the statement of receipts to local budgets is received from the institution of the National Bank of Tajikistan.

At the end of each month, the statement displays the totals for the month and from the beginning of the year.

 The sums of receipts from state taxes and revenues for each budget are checked on a monthly basis with reports on the execution of city budgets and reports on the execution of budgets of kishlak and settlement Hukumats. In addition, the sums of state taxes and revenues as a whole for the district budget for each type of income are compared with the data of the monthly reporting of bank institutions.

11.4. Accounting for off-budget (special) funds

Work with extrabudgetary (special) funds is regulated by the "Regulations on Extrabudgetary Funds" approved by order of the Ministry of Finance of the Republic of Tajikistan No. 74 dated April 27, 2001.

Extra-budgetary funds are funds received by budgetary institutions in addition to the appropriations allocated to them from the State budget of the Republic of Tajikistan.

Extra-budgetary funds include: special funds, amounts on instructions, deposit amounts, income from subsidiary plots and others.

The formation of new extra-budgetary funds with the definition of sources of income and the permissible purposes of their expenditure for institutions on the republican budget is allowed with the permission of the Ministry of Finance of the Republic of Tajikistan, institutions on the local budget, with the permission of the relevant financial bodies in the field.

Budgetary institutions that receive income from the sale of products, the performance of work, the provision of services or the implementation of other permitted activities, send them to the Single treasury off-budget account in the OPERU of the National Bank of Tajikistan.

Separate records are kept for each budgetary institution in accordance with the classification of income and expenditures of the budget of the Republic of Tajikistan.

Budgetary organizations develop and approve in a higher organization the Regulation on extrabudgetary funds, which is coordinated with the Ministry of Finance.

Estimates of revenues and expenditures for extrabudgetary funds are also approved by a higher organization and coordinated with the State Budget Department of the Ministry of Finance. The estimate of revenues and expenditures agreed with the State Budget Department is transferred to the Central Treasury to the Extrabudgetary Funds Department for execution.

According to the extracts and supporting documents submitted to the Central Treasury (OOPERU of the National Bank), the extrabudgetary funds department keeps records of the amounts received to the Unified Extrabudgetary Treasury Account and credits incomes in the context of budgetary organizations.

Budget organizations submit payment orders and documents to the department of off-budget funds to pay expenses, where, after reconciling the balance on the account and the estimate of income and expenses, payment documents are drawn up and transferred to the bank for payment.

On a monthly basis, the department's curators provide budgetary organizations with extracts on the state of extra-budgetary funds.

Extra-budgetary (special) funds of the local budget

A single local off-budget treasury account is opened in local treasuries to account for receipts and expenditures of off-budget (special) funds of budgetary institutions of the local Hukumat. The account is opened at the branch of Amonatbank, which serves the Single local treasury account and the transit account of the republican budget.

Separate records are kept for each budgetary institution in accordance with the classification of income and expenditures of the budget of the Republic of Tajikistan.

Budgetary institutions that have extra-budgetary (special) funds annually draw up an estimate of income and expenses in the manner and according to the forms established by the Ministry of Finance of the Republic of Tajikistan.

Estimates are approved by the main manager of budget funds in the total amount of income and expenses, indicating the amount of excess income over expenses to be entered into the budget and are agreed with local financial authorities.

The report on the execution of revenues and expenditures of extra-budgetary (special) funds for local budgets is drawn up in accordance with Form 520106 (for FBK and EBC), monthly and quarterly submitted to the Ministry of Finance of the Republic.

In local treasuries, off-budget (special) funds of budgetary organizations of republican significance are kept separately. At the end of each quarter, the excess of revenues over expenditures on off-budget (special) funds of budgetary organizations is credited to the income of the corresponding budget.

11.5. Preparation of consolidated statements

Within 3 months after the end of the financial year, the Central Treasury prepares a consolidated annual report on the execution of the State Budget of the Republic of Tajikistan and submits it to the leadership of the Ministry of Finance.

Ministries and departments, budgetary organizations submit annual financial statements, which are checked against the reports of the Central Treasury.

Information on actual monthly income and expenses is collected from all departments of the Central Treasury. Reports on republican revenues and expenditures through transit accounts of local budgets are provided in accordance with tables and articles of the "Classification of revenues and expenditures of the budget of the Republic of Tajikistan" approved by order of the Ministry of Finance of the Republic of Tajikistan No. 5 dated January 10, 2005. The consolidated reporting does not reflect the data characterizing the state of intra-treasury inter-budgetary settlements. The reporting is prepared in somoni.

The following reports are included in the annual reporting:

1.Financing by type of creditor (State budget);

2. Report on the execution of the State budget on revenues and grants;

3. Financing by type of creditor (Republican budget);

4. Report on the execution of the republican budget on revenues and grants;

5. Report on financing of expenditures of the republican budget according to the functional budget classification;

6. Report on financing of expenditures of the republican budget according to economic budget classification;

7. Financing by type of creditor (Local budget);

8. Report on the financing of local budget expenditures according to the functional budget classification;

9. Report on the financing of local budget expenditures according to the economic budget classification;

10. Financing by type of creditor (Social Security Fund);

11. Report on the financing of the expenses of the Social Protection Fund according to the economic budget classification;

12. Report on the implementation of the network, staff and contingent of institutions that are on the state budget;

13. Report on the execution of extra-budgetary funds (state budget);

14.Report on shortages and theft of inventory items

budget funds (state budget);

15. Report on fixed assets and materials of budgetary institutions;

16. Report on funds allocated for targeted expenditures (at the expense of the President's Fund, Chairmen's Fund, free balances and additional income);

17. Report on receivables and payables of budgetary institutions.

An explanatory note is attached to the Report, which is prepared by the State Budget Department. The explanatory note reflects the financial indicators of the execution of articles of the Law of the Republic of Tajikistan "On the State Budget" for the reporting year on the basis of the Annual Report on the Execution of the State Budget (crediting of revenues, targeted execution of expenditures, inter-budgetary relations, indicators of budget deficit, repayment of the main external and internal debt, payments percent, changes made to the state budget, etc.).

In the process of executing the State budget, the Central Treasury of the Ministry of Finance makes changes to the amounts of income and expenses (internal transactions, offsetting, mutual settlements, return of incorrect and overly credited amounts of budget revenues, operations on treasury bills, etc.), in accordance with the legislation.

The consolidated report on the state budget revenues is drawn up on the basis of reports on the revenues of the republican and local budgets, the revenues of the Social Protection Fund, grants received (grants received in the form of goods and services are included in the reports on the execution of the state budget).

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer self-control questions.

3. Complete the proposed tasks.

4. Prepare abstracts on topics:

- "System of the Treasury of the Republic of Tajikistan";

- "Single treasury accounts".

5. Answer test questions.

6. Make an additional glossary on the topic.

Questions for self-control:

1. Formulate the concept of "treasury", give its characteristics.

2. What is the structure of the Central Treasury?

3. What are the main functions of the treasury?

4. List the main responsibilities of the Treasury?

5. Give a definition of the term "single treasury accounts".

6.What are Consolidated Bank Accounts?

7. Expand the essence of the process of cash and non-cash financing of budgetary institutions.

Tasks:

1. Identify the essence and features of the main cash flows for certain types of economic activities of a budgetary organization.

2. How is the accounting of off-budget (special) funds of the Republic of Tajikistan carried out.

3. Name the single treasury accounts and give their characteristics.

4. What types of reports are included in the annual accounts?

5. What, in your opinion, is the problem of effective management of public funds? Justify your answer.

6. Prepare a presentation on Treasury Functions.

**Test**

1. The state body that ensures the organization of control over revenues, expenditures and the execution of the State budget of the Republic of Tajikistan.

A) the Tax Committee; B) Customs Service; C) National Bank; D) Treasury; E) Ministry of Economy;

2. Unified consolidated bank accounts of the Government of the Republic of Tajikistan, opened by the Ministry of Finance of the Republic of Tajikistan in the National Bank of Tajikistan.

A) unified treasury accounts for extra-budgetary funds; B) transit treasury accounts of the republican budget; C) single international accounts; D) single local treasury accounts; E) single treasury accounts;

3. Accounts opened by local treasury offices in authorized banks for the collection and daily transfer of republican budget revenues collected in the Gorno-Badakhshan Autonomous Region, regions, the city of Dushanbe, cities and districts of republican subordination, to single treasury accounts.

A) unified treasury accounts for extra-budgetary funds; B) transit treasury accounts of the republican budget; C) single international accounts; D) single local treasury accounts; E) single treasury accounts.

4. Settlements between budgets of different levels and settlements between budgetary and other entities used in the process of executing the State budget.

A) credit settlements; B) mutual settlements; C) external settlements; D) current settlements; E) investment settlements;

5. Accounts to which funds received by budgetary institutions in addition to the appropriations allocated to them from the state budget of the Republic of Tajikistan are credited.

A) unified treasury accounts for extra-budgetary funds; B) transit treasury accounts of the republican budget; C) single international accounts; D) single local treasury accounts; E) single treasury accounts;

6. By the scale of servicing the economic process, the following types of cash flows are distinguished.

A) cash flow for the enterprise as a whole; B) cash flow for individual types of business activities of the enterprise; C) cash flow for individual structural units; D) cash flow for individual business operations; E) all answers are correct;

7. Single treasury accounts opened by local treasury offices in authorized banks to service local budgets.

A) unified treasury accounts for extra-budgetary funds; B) transit treasury accounts of the republican budget; C) single international accounts; D) single local treasury accounts; E) single treasury accounts;

8. According to the method of calculating the volume, the following types of cash flows of the enterprise are distinguished.

A) internal, external; B) gross, net; C) discount, optimal; D) control, fiscal; E) regulatory, control;

9. According to the method of assessment in time, the following types of cash flows are distinguished.

A) banking, payment; B) present, future; C) short-term, investment; D) systemic, interest rate; E) fixed, tax;

10. The aggregate of distributed over time receipts and payments of funds generated by its economic activities.

A) tax breaks; B) financial analysis; C) depreciation fund; D) fixed assets; E) cash flow;

**Topic 12: Public Debt Management of the Republic of Tajikistan**

**12.1. The essence and main forms of public debt.**

**12.2 Public Debt Management.**

**12.3. The market for government bonds in industrialized countries.**

**12.1. The essence and main forms of public debt**

The existence of public debt in a market economy is an objective factor. The state, striving to use its economic and financial resources with the greatest efficiency, allows a budget deficit, for the financing of which it attracts additional funds in the domestic or foreign financial markets. These funds are attracted for use in the public sector of the economy and their effective transformation in increasing the revenue side of the budget.

The state debt of the Republic of Tajikistan consists of debt obligations of the Republic of Tajikistan to individuals and legal entities, foreign states, international financial organizations, and other subjects of international law.

The state debt of the Republic of Tajikistan is fully and unconditionally secured by all property owned by the state.

The right to carry out state internal and external borrowing, structure, procedure for servicing, accounting registration, its restructuring, granting loans to foreign states and international organizations are determined by the legislation of the Republic of Tajikistan.

Public debt is the total amount at a certain point in time, outstanding loans received by the state to finance the budget deficit and other goals specified by law, unpaid interest on servicing these loans, as well as guarantees provided for the obligations of other government agencies.

The legislation details the purposes for which you can borrow. Consequently, the public external debt is formed by:

• loans to finance the state budget (mainly funds borrowed from international financial organizations) and repayment of external public debt;

• loans to maintain the stability of the national currency (replenishment of foreign exchange reserves);

• loans to finance investment and institutional projects of national importance;

• guarantees to foreign counterparties to fulfill contractual obligations in connection with non-commercial risks;

• government guarantees are provided for lending to projects financed by the state budget.

Inefficient use of borrowed loans can lead to an increase in the volume of public debt. In many countries, budget legislation sets a limit on the amount of public debt, the achievement of which signals a danger to the entire sphere of public finance. The amount of public debt should not exceed the critical limit, which is 60% of the gross domestic product.

The purpose of government borrowing is to raise the necessary funds for budget execution and repayment of government debt.

Funds received under state loans are credited to the state budget and used in the order of budget execution, including through gratuitous use (budget spending) or provision on a repayable basis to domestic borrowers (ultimate borrowers).

The limits of internal and external government borrowing, internal and external government debt and government guarantees are established in the law on the state budget of the Republic of Tajikistan for the corresponding year. Limits are set in national and foreign currencies. The limit is considered met if its parameters are met in one of the agreed currencies.

The amount of public debt that arises when a government guarantee turns into government debt is not taken into account when assessing compliance with the established limit of government debt.

In the event that the attracted government borrowing is used to repay the obligations that have arisen to repay the main part of the government debt, the volume of this borrowing, corresponding to the amount of forthcoming payments, is not taken into account when assessing compliance with the established limit of government borrowing.

According to the terms of attracting funds, they distinguish between internal and external debt.

- Domestic public debt is a set of obligations of the state to its citizens (residents) who purchased government securities (domestic government bonds) for cash or provided loans to the government in one form or another.

-External public debt - a set of government debt that arose as a result of government borrowing in the external market.

The Ministry of Finance of the Republic of Tajikistan submits an annual analytical "Report on the state of the state debt of Tajikistan". So, in 2013, the external public debt of the Republic of Tajikistan as of January 1, 2013 amounted to $ 2 billion 188.5 million, which is 25.7% of GDP.

According to the currency of attraction, the public debt is divided into debt in national and foreign currency.

- Public debt in foreign currency arises as a result of direct borrowing of funds from foreign governments;

- the minimum possible risks for government debt securities in the event of fluctuations in the world market indicators;

-Reducing the cost of servicing the public debt with the next borrowings;

-substitution of short-term borrowings for long-term ones, ensuring uniformity and avoiding significant peak debt payments;

- openness and transparency of information on the attraction, use and repayment of borrowed funds

Public debt management must take into account the policy of public borrowing (debt policy).

Debt policy is the direction of the state's activities, which is implemented through a certain set of measures and is aimed at rational and effective mobilization, distribution, use and return of borrowed financial resources by the state. It, in turn, accumulates the development and implementation of such interrelated and interdependent elements as:

-development of a strategy for state external and internal borrowing;

- setting a reasonable limit on the volume of public debt in general, as well as internal and external, in particular;

-determining the duration of the debt cycle based on rationalizing the management of the dynamics of the total, internal and external public debt;

-selection of the most acceptable forms of financing internal and external government borrowings (government, bank or commercial loans, government securities), the degree of concentration of debt obligations by individual creditors (international financial organizations, foreign governments, foreign private creditors, domestic legal and individuals), the level of diversification of borrowings by currency composition (special drawing rights (SDR), US dollar, euro, etc.), taking into account the effective distribution of the associated investment risks;

- consideration of the issue of the possibility (or impossibility) of capitalization of a part of the state debt (with a corresponding proposal to creditors to repay a certain part of the debt with state property);

-measures to reduce the cost of government borrowing and reduce the risk of servicing them (when determining the cost of servicing loans, one should take into account the assessment of a possible decrease in the potential level and the deterioration of conditions of one of the main characteristics for the formation of the government's debt policy);

-the ratio of the amount of public debt to GDP (critical level: 60 - 100%).

The ratio of planned debt service payments to exports is widely used to characterize the liquidity position of the country's economy. This indicator gives an estimate of the solvency in the near future (critical level: 20-25%).

To assess long-term solvency, the ratio of the present value of debt to export is often used (critical level: 20-25%).

To measure the load on the budget, an indicator of the ratio of planned debt service payments to the amount of budget revenues is used, the critical level for this is set to a range of 25-30.

Countries with high export growth rates can maintain relatively high levels of export and production debt. However, these countries become vulnerable in the event of an increase in interest rates on external loans due to changes in economic conditions in the creditor countries or due to decisions of lenders regarding their unwillingness, for whatever reason, to maintain the achieved level of credit in the future.

To ensure the solvency of the state in the process of public debt management, it is possible to use various methods of adjusting debt policy. The most common among these are government debt refinancing and restructuring.

The refinancing of public debt is the repayment of the principal amount of the debt and interest on it at the expense of funds received from the placement of new loans. Debt refinancing can be effective only if the borrowing country has a high credit reputation in the world financial markets.

Public debt restructuring is the deferral of payment of part or all of the debt by the borrowing country. With this option, it is also possible to exchange debt amounts for shares or special bonds to invest them in the national economy.

The public debt management methods are:

1. Conversion of debt obligations, is defined as a change in the rate of return on a loan, at which the creditor government can reduce the amount of interest payable on the loan. In practice, the following options for the conversion of external debt are used:

- an exchange like \ "debt for debt \", in which the borrowing country exchanges its debts to other states for the debts of other states to it;

- an exchange like \ "debt for export \", in which debts are covered by the export of finished products;

- an exchange like \ "debt for property \", in which debt obligations are covered by;

- an exchange of the type \ "debt for national currency \", in which the borrowing state practically receives voluntary assistance for the development of its own economy. The funds received as a result of this conversion are used to finance educational and medical state programs.

2. Consolidation of public debt is a method that is implemented as an extension of the maturity of loans issued by the debtor government.

3. Unification of loans is defined as the exchange of several previously issued debt obligations of the state for one new obligation, that is, the combination of several government loans into one.

4. The deferral of loan repayment is defined as the extension of the maturity of the debt obligations of the borrowing state.

5. Cancellation of debt obligations of the state is applied by creditors in case of financial insolvency of the state to repay received loans. Failure, in turn, can be caused by both economic and political crises of the debtor.

If the debtor government accumulates a significant amount of external credit obligations, in practice it is possible to use the following options for solving its debt problems:

- if a surplus of the state budget of the debtor country is reached, it can gradually pay off the principal amount of the debt, as well as the accrued interest. This option is possible only if the economy is healthy and the state has a stable surplus;

- repayment of public debt, possibly also by attracting new foreign loans. In this case, the amount of external debts of the state will gradually accumulate, which ultimately will lead to its absolute insolvency. Under such conditions, the lender may resort to full or partial write-off of the borrowed amounts;

- if the amount of new foreign loans of the debtor does not exceed the amount paid to repay the loan, then the borrowing country can pay interest on loans on time, and the volume of external debt is frozen for a long time.

12.3 Market for government bonds in industrialized countries

Financing of public debt in developed countries is carried out almost exclusively by market methods using various financial instruments. These instruments are government securities, which are issued in the form of fixed-term debt obligations.

Investors' demand for any securities, including government securities, is formed on the basis of the following factors:

 - profitability - the ability to generate income (through interest, dividends or growth in market value);

 - reliability - probability of incurring losses (risk of non-return of invested funds);

 - liquidity - the possibility of receiving funds as soon as possible for the holder.

Government securities, which are issued by industrialized countries, are considered ultra-reliable, with medium and low yields. They are attractive to conservative investors who are willing to be content with a relatively small but guaranteed income.

There are also obligations of other issuers who, by issuing less reliable securities, offer higher returns as a "risk payment".

The consequence of this was the diversification of the loan portfolio of investors that has developed in world practice between government obligations with low profitability, but preferred due to liquidity and reliability, and obligations of other issuers (including the real sector of the economy), offering higher returns, however, somewhat losing to government securities in terms of reliability and liquidity. Thus, in world practice, government securities are, in principle, the safest type of investment, and in the presence of a developed financial market, they are very highly liquid assets. That is why such securities are the least profitable.

All countries with market economies have different systems for assessing the reliability of securities. For example, for the United States, the norm is a difference of about 4% per annum between the yield on government and corporate securities. If this indicator decreases, then there is an outflow of capital from the corporate sector in favor of government bonds, the exchange rates for corporate securities decrease and, as a result, their profitability and attractiveness for investors increases.

In world practice, the following forms of payment of income on government securities are most common:

• setting a fixed percentage of the face value;

• realization of debt obligations at a discount;

• indexing the par value of securities;

• holding winning loans.

In addition, the government can establish tax exemptions on income received from government securities. Government securities can be subdivided into market and non-market.

Marketable securities are securities that are freely traded and resold after their initial placement on a secondary market.

In addition, by issuing these securities, the governments of industrialized countries influence the deposit policy of commercial banks in relation to the population, since the purchase by the population of non-marketable government securities reduces resources that can potentially be placed on deposits of private credit institutions.

The primary market for government securities is a market in which the issuer (the relevant authorized government body) places its securities among authorized dealers (market makers).

Secondary market for government securities - the market in which these securities are circulated between the time of their issue and the date of redemption.

The most developed stock market in the world is the US stock market. The main issuer of US debt is the Treasury, which emigrates both marketable and non-marketable securities. Marketable US securities can be divided into three categories:

• treasury bills;

• treasury notes;

• treasury bills.

These papers exist in electronic form in the form of records on accounts, which made it possible to significantly reduce the costs associated with the production of forms and accounting, avoid falsification and simplify the circulation of bonds on the market as much as possible. The US Treasury issues securities that are attractive to the widest range of investors: corporations, funds, banks, individuals. The issue of such securities allows the state to attract temporarily free funds from a wide range of investors for its own needs. At the same time, business entities get the opportunity to profitably place free capital. Several types of non-marketable securities are also issued in the United States:

• savings bonds;

• bonds formalizing external debt;

• bonds on which government accounts are maintained;

• securities for placement in states and local governments.

Among them, the most famous are savings bonds. At present, bonds of the EE and NN series are being issued.

Germany issues the following types of government market securities: bonds of Germany, federal bonds, debt certificates, federal cash bonds.

The most widespread bonds are FRG. These are long-term securities with maturities ranging from 5 to 30 years, and income on these bonds is tax-free, which makes them especially attractive to investors.

Non-marketable securities in Germany are type “A” and “B” savings bonds and type “1” and “2” treasury bonds. The difference between type “A” and “B” savings bonds is in terms of circulation (6 and 7 years, respectively) and interest payment period (on type “A” bonds, interest is calculated and paid annually, and on type “B” bonds, interest is paid at maturity). Savings bonds, both type "A" and type "B" are aimed mainly at small investors. The investor has the right at any time to sell the bond at the nominal price and receive the interest due to him. Only private individuals and non-profit organizations are eligible to purchase savings bonds in Germany.

Treasury bonds are a discount instrument with maturities of one year (type 1 Treasury bonds) and two years (type 2 Treasury bonds). Like savings bonds, Treasuries are targeted at the small private investor, although they can be purchased by any domestic investor other than lending institutions.

In general, analyzing the circulation of government securities in industrialized countries, one can pay attention to the following features:

1. The yield on government securities issued by industrialized countries is relatively low;

2. In addition to government securities, corporate securities are actively circulating on the stock market, into which capital flows when the attractiveness of government equity instruments decreases. Accordingly, the yield on government securities increases, and their attractiveness to investors increases. Consequently, the corporate securities market is a "balancer" of government stock values;

3. A significant role is assigned to small investors, primarily to their own population.

Attraction of borrowed funds by the state has become a common practice in the financial system of industrialized countries. With a reasonable financial policy and an efficiently operating economy, covering the budget deficit through loans does not entail significant economic problems, since the Republic of Tajikistan can increase its revenues through tax revenues, and use the funds received to pay public debts, can refinance debt, or resort to emission.

The existence of significant public debt in practice leads to three main problems:

• an increase in interest expenses on debt servicing;

• an increase in rates on the loan capital market, leading to a decrease in private investment;

• increasing the financial dependence of the state on the situation on the world capital market and the behavior of investors, especially non-residents, on it.

The negative consequences of the debt burden can thus restrain the growth of the national economy.

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer questions for self-control.

3. Complete the tasks proposed for the topic.

4. Prepare an essay on the topics:

- "The essence, forms and factors of development of international credit."

- "Public Debt Management in the Republic of Tajikistan".

5. Answer test questions.

6. Make an additional glossary on the topic.

7. Write out statistical data on the state of public debt in the Republic of Tajikistan for the last 5 years.

Questions for self-control:

1.Formulate the concept of public debt.

2. What are the problems of domestic public debt?

3.What is public debt management?

4. What is Public Debt Consolidation?

5. What are the main methods of public debt management?

6. What is the primary market for securities?

Tasks:

1. What is the purpose of government borrowing?

2. Describe the state of the external public debt of the Republic of Tajikistan for 2013.

3. Analyze the dynamics of external and internal public debt in the Republic of Tajikistan for 2013. Draw conclusions.

4. Describe the goals, functions and effectiveness of public policy in the field of reducing public debt. Present the analysis in a table.

5. Make a case-situation on the topic "State debt of the Republic of Tajikistan".

**Test**

1. The total amount, at a certain point, of outstanding loans received by the state to finance the budget deficit and other purposes determined by law:

A) budget deficit; B) public debt; C) budget surplus D) international credit; E) budget allocations.

2. The set of obligations of the state to its citizens who purchased government securities for cash or provided loans to the state in one form or another:

A) off-budget state funds; B) amortization fund;

C) domestic public debt; D) monetary authorities; E) analysis of budget execution.

3. The totality of the government's debt obligations arising from the government's borrowings in the foreign market.

A) financial debt instruments; B) budgetary policy of the state; C) the fiscal function of finance; D) tax flat rates; E) external public debt.

4. According to the term of payment, the public debt is divided into:

A) capital and current; B) tax and financial; C) fiscal and budgetary; D) international and national; E) direct and indirect;

5. A set of state measures to determine the conditions for raising funds, their placement and return, ensuring the necessary solvency of the state:

A) enterprise financial management; B) public debt management; C) management of securities; D) management of cash flows; E) management of the firm's personnel.

6. Methods of public debt management are:

A) conversion; B) consolidation; C) unification; D) restructuring; E) all answers are correct.

7. A change in the yield of loans is carried out in the event of a change in the financial situation or deterioration of the financial situation of the state, when it is not able to pay the stipulated income:

A) consolidation; B) conversion; C) unification; D) cancellation; E) restructuring;

8. Transfer of obligations on a previously issued loan to a new loan for the purpose of extending the term of the loan:

A) conversion; B) cancellation; C) consolidation; D) restructuring; E) unification.

9. Consolidation of several loans into one, when bonds of several previously issued loans are exchanged for bonds of a new loan:

A) unification; B) consolidation; C) cancellation; D) restructuring; E) conversion.

10. Complete refusal of the state from its debt:

A) restructuring; B) unification; C) conversion; D) cancellation; E) consolidation.

**Topic 13. Macroeconomic equilibrium and state regulation of the economy**

**13.1. The role and importance of economic equilibrium.**

**13.2 Macroeconomic Equilibrium Theories**

**13.3. State regulation of the economy**

**13.1. The role and significance of economic equilibrium**

Macroeconomic equilibrium is the central problem of social reproduction. This is a key category of economic theory, characterized by the balance of economic processes. It is not without reason that economists have been interested in the problems of the economic system reaching equilibrium for several centuries: let us recall the Economic Table by François Quesnay (18th century), Karl Marx's reproduction schemes (19th century), the input-output theory by Vasily Leontiev (20th century). ), etc. Equilibrium reflects a state of society that suits all its members.

However, such a situation is possible only in ideal conditions with perfect competition, not disturbed by side effects such as cyclical and structural crises, inflation, unfair competition, etc. They all throw the economy out of balance. But even under these conditions, the economic system can be brought into dynamic equilibrium. This means that in real life, perfect balance is an exceptional, fleeting moment that is rarely achieved. The "normal" state of the economy implies the possibility of deviation in certain markets from the state of general equilibrium. However, despite the discrepancy between ideal and real equilibrium, equilibrium analysis is widely used, since all economic agents are interested in achieving equilibrium.

A distinction should be made between partial and general equilibrium.

Equilibrium is called partial in a particular market of goods, services, factors of production.

General economic equilibrium is a state of the national economy in which demand and supply are equal in all markets, and none of the economic agents is interested in changing the volume of their purchases or sales.

The concept of general economic equilibrium was developed by L. Walras. In his interpretation, equilibrium is a state in which effective supply and effective demand for production services are equalized in the service market, effective supply and effective demand for products are equalized in the market for products, and, finally, the selling price is equal to the production costs expressed in productive services.

The latest research in the field of general equilibrium makes it possible to make a number of significant additions to the work of Walras. Among them, the following deserve special attention:

- Economic theory deals not with stable equilibrium, but with its constant violations, which is figuratively called "equilibrium-disequilibrium".

Three significant conclusions follow from this:

- firstly, equilibrium must be viewed as an abstract model ideal: it never existed and cannot exist, but it is necessary to start research with it.

- secondly, equilibrium is a dynamic optimal disequilibrium. This means that it is, representing the deviation of prices from value, results - from the costs that are inherent in a market economy.

- thirdly, equilibrium, like disequilibrium, also plays a negative, destructive role, forcing economic actors to act contrary to their deep interests, the interests of society as a whole.

The equilibrium of the entire economic system as a whole is called macroeconomic equilibrium and manifests itself in the form of proportionality:

a) between the production of products and their consumption;

b) between the resources involved in the turnover and their use;

c) between the supply of goods and their demand;

d) between material and material and financial flows.

The consistency of all these single proportions of social reproduction leads to a balanced development of the economic system as a whole. However, each production unit has a certain autonomy. Therefore, proportionality in the national economy makes its way as a trend and presupposes the possibility of certain deviations from equilibrium, which are interpreted in different ways in different economic schools.

13.2. Macroeconomic equilibrium theories

The intersection of the curves of aggregate demand and aggregate supply gives the point of general economic equilibrium (point M in Figure 13.1). At the same time, higher prices create incentives for an increase in aggregate supply (expansion of production) and at the same time reduce the level of aggregate demand.


Figure 13.1 General economic equilibrium.

In the markets of individual goods, the point of intersection of the curves of aggregate demand and aggregate supply shows the level of the equilibrium volume of production and the corresponding equilibrium level of prices, but if in relation to the markets of individual goods the question of how efficiently resources are allocated is relevant, then for the market at the macro level the most important are the following questions:

• How fully utilized are resources?

• What level of employment of labor resources and workload of production potential corresponds to the established equilibrium volume of production?

• What should be the role of the state in maintaining macroeconomic equilibrium: what should it stimulate - aggregate demand or aggregate supply?

In resolving these issues, two approaches are divided: classical and Keynesian.

 Classic model of macroeconomic equilibrium

According to this model, the system operates in accordance with the rules dictated by the market, i.e. the consumer. This approach was first formulated by A. Smith in his famous book "A Study on the Nature and Causes of the Wealth of Nations" (1777). According to A. Smith, the market of private producers should be completely freed from state control. According to the figurative expression of A. Smith, the “invisible hand” of market self-adjustment (demand, supply, competition, price), without any external interference, will force the manufacturer to act in the interests of the whole society. Under the "invisible hand" A. Smith understood the spontaneous action of objective economic laws. The slogan of non-interference of the state in the economy was the expression "Laisserfaire": "Let people do their own thing, let things go on their own."

 The followers of A. Smith, neoclassical economists proceed from the fact that the market system ensures the full use of resources in the economy. Moreover, the imbalances that sometimes arise are resolved on the basis of automatic self-regulation of the market. Thanks to him, the economy always reaches the production level at full employment.

To illustrate this point, consider Fig. 13.2.



**Figure 13.2 Equilibrium options.**

The different approaches of the two schools of economics are visible on the aggregate supply (AS) curve. The classical point of view, according to which the economy through self-regulation comes to the volume of production at which full employment is achieved, corresponds to the vertical segment of the supply curve.

The classical macroeconomic model is based on the idea that a change in aggregate supply generates exactly the same aggregate demand.

This is the so-called Say's law, according to which the supply of goods creates its own demand and, therefore, there is no possibility of a gap between aggregate demand and aggregate supply and there is no reason to fear overproduction: society completely consumes the national income. But then the question arises: what happens if part of the income goes into savings and is not consumed? The classics believe that this is not a big deal, since what has been saved will eventually be spent in the form of investments. And if savings are excessive, interest rates will fall, which, in turn, will stimulate the use of savings in the form of investments. Thus, the balance of savings and investment is the main condition for a self-regulating economy in the neoclassical model.

Another credo of the classical model: influence on the equilibrium of the labor market. The logic of reasoning here is as follows: lower prices in commodity markets lead to lower wages or unemployment, if wages remain the same. In the latter case, the supply of labor will exceed demand and workers, under the threat of unemployment, will agree to lower wages. The rates will be reduced until it is profitable for entrepreneurs to hire everyone who wants to work at a lower salary. In other words, market forces act in the direction of achieving equilibrium in the labor market, which leads to full employment of the labor force.

The next postulate of the classics is the analysis of the influence on the equilibrium of the money supply. They proceed from the fact that at a given level of aggregate supply, an increase in the amount of money in circulation leads to an increase in aggregate demand. Therefore, maintaining equilibrium involves controlling the supply of money as the basis for price stability and aggregate demand. An unambiguous conclusion about the role of the state follows from the classical model: if the market has regulators capable of ensuring the full use of available resources, then government intervention is unnecessary.

Keynesian model of macroeconomic equilibrium: the end of the laisserfaire era

After the publication of D. Keynes's work "The General Theory of Employment, Interest and Money" (1936), it was recognized that if there is no sufficient demand during the crisis, then even the lowest interest rates will not stimulate the required level of investment and thereby increase demand. The Keynesian concept rejected the position of the classical theory that supply creates its own demand.

Keynes argued that there is an inverse causal relationship: aggregate demand creates supply. If aggregate demand is insufficient, then the volume of production will not be equal to potential (at full employment). In fig. 13.2 of the Keynesian model corresponds to the horizontal segment of the aggregate supply curve. If the volume of supply or the real volume of production is determined by demand, then it can be argued that a decrease in aggregate demand will lead to a decrease in real production volumes.

In this situation, aggregate demand and aggregate supply will be balanced, but at a level far from the potential volume, that is, with underemployment of resources. This situation can persist long enough and will not change by itself. Large losses and long-term unemployment can be avoided only through an active macroeconomic policy of the state aimed at stimulating aggregate demand.

Keynes and his followers believed that the state should help bring the economy out of the crisis by pursuing an expansionary financial and monetary policy.

The Keynesian concept was the theoretical justification for a new approach to the role of the state in a market economy. Unlike the idea of ​​the classics about the neutrality of the state, it proves the need for coordinating state intervention.

13.3. State regulation of the economy

The state exists in any economic system - market, command, transition, but its economic functions in each of them are different. Let us consider the regulatory role of the state in relation to each of these systems.

The problem of state regulation of the market economy is to develop such techniques for regulating the market, which, while preserving its advantages, would allow minimizing its inherent disadvantages.

*Which market deficiencies can be addressed and by what regulatory measures? As a matter of fact, all macroeconomics is an attempt to find an answer to this question.* Let's dwell on some of the methods for regulating the economy:

1. Creation of public goods (publicgoods). The market is only able to identify and satisfy the demand for private goods. The creation and implementation of public goods is the task of the state. Public goods are not homogeneous: they appear as purely - and partially - public goods. The production of purely public goods (national defense, protection of public order, etc.) is completely assigned to the state. At the same time, the creation of partially public goods (education, health care, social insurance) can be carried out both by the state and by the private sector of the economy. At the same time, the state assumes and guarantees only such a level of consumption of partially public goods, which at the moment can be provided by the resources of the state budget;

2. Regulation of external (side) effects. The market mechanism cannot deal with this problem. Externalities are the effects on firms in the production of goods. It can be either positive or negative. An example of a positive external effect: the construction of an irrigation system by one farmer improves the quality of the land of other farmers without additional investment from the latter. An example of a negative externality: environmental pollution from railway construction. There are different points of view on solving the problem of externalities and the participation of the state in this issue.

Here are two of them, opposite. A. Pigou (English economist, author of the theory of the welfare state) offers a tax way to resolve this issue, which implies an active role of the state. R. Coase (American economist, theorist of the neoclassical school) believes that regulation of externalities is most beneficial on the basis of private agreements between owners. For most situations with the occurrence of externalities, it is difficult to identify the “culprit” (for example, ozone holes), so the problem of the source of compensation for externalities remains one of the most difficult in economic theory.

3. Redistribution of income. The market does not provide social justice. Market regulation is associated with large income differentiation. Experience shows that optimal taxation and social insurance payments (pensions, unemployment benefits, etc.) are effective tools to minimize these costs. Under such a redistributive system, the distribution of disposable income turns out to be more even than the distribution of primary income. All three considered directions of state regulation: efficient production of collective goods, justified regulation of externalities and fair distribution of incomes are now recognized by all Western economists, even those who adhere to the philosophy of "laisserfaire";

4. Conducting antimonopoly policy. Another important factor forcing the state to resort to adjusting market mechanisms is the imperfection of the real market in comparison with its ideal theoretical model, the imperfection generated by large corporations that monopolize the markets for goods and labor and make prices rigid, inflexible, and inactive downward. The fight against monopoly, the protection of the principles of free competition can only be performed by the state. To achieve this goal, the state relies on antimonopoly legislation;

5. Support for small business. In a mixed economy, small business plays a very prominent role in maintaining competition and creating jobs. It is a collection of small and medium-sized private enterprises that do not directly belong to any monopoly association and play a subordinate role in the economy in relation to monopolies. The state provides support to small businesses through tax, credit policies, educational, consulting and other services.

6. Macroeconomic stabilization is one of the main regulatory functions of the state. It is aimed at preventing an economic downturn, maintaining the performance of the economy at a certain level, and improving the economy. Macroeconomic stabilization is achieved through fiscal and monetary policies. During the period of economic crises, emergency measures are taken under the program to stabilize the economy;

7. Regulation of foreign economic activity. Each state seeks to create favorable external conditions for the development of the national economy. Based on specific national interests, the state pursues either a policy of liberalization or protectionism. State regulation of foreign economic activity is carried out with the help of customs fines and non-tariff regulation measures.

However, one should not forget that state intervention in the economy has limits. The boundary of state regulation of the economy is the efficiency of the market economy as a system. Crossing this line can lead to the disappearance of economic incentives that ensure the efficient functioning of the market mechanism.

 State in a command economy

It has unlimited political, administrative and economic power. As a political body, the state belongs to the superstructure of society, but its activity penetrates deeply into economic (basic) relations. As a theoretical justification for the need for a comprehensive state presence in the economy, Soviet economists used the following system of evidence:

- The means of production, which have become the property of the entire people as a result of socialist nationalization, should be used not in someone's private interests, but to achieve goals that meet the interests of all members of society, or the entire nation. This circumstance requires that the disposal of the national means of production and the management of their use should be carried out from a single central body, representing equally the interests of all workers. Therefore, under socialism, state interests are identical to public, or national, interests. Since the national (state) means of production play a leading and predominant role in all spheres of the economy, state administration encompasses the entire system of social production. The state budget in the command economy has always been deficit-free, since not 10–13%, but almost all (80–90%) of the profit of functioning economic structures was allocated to it.

State in transitional economy

The state is going through dramatic changes in the creation of new political, administrative and economic foundations. The difficulties of this period lie in the fact that the old institutional framework has already been broken, and the new one has not yet been built. This means that the institutions that never existed under the socialist system have not been created:

• private property;

• numerous legal institutions (codes, laws);

• institutions defining responsibility for the property of others (accounting standards, banking regulation, securities market regulation);

• institutions that structure and make predictable the behavior of partners in market relations (contract law), etc.

The leading role in their creation should belong to the state.

State regulation of the economy

State regulation of the economy is carried out through a set of measures. In countries with a mixed economy, administrative, legal and economic (direct and indirect) regulation is applied.

Administrative forms include: licensing, quotas, control over prices, income, exchange rate, discount interest, etc.

Legal regulation is carried out on the basis of legislation through a system of establishing norms and rules. The rules of conduct provide for a system of punishments: "To ensure such a public good as law abidance, such a public" anti-good "as punishment must be performed." The cost of punishment includes two elements - the cost of identifying perpetrators and the cost of punishing perpetrators. The latter are the "anti-good". No punishment will fully compensate for the damage, will not restore the "statusguoante". However, penalties must be applied to ensure that violations are not committed in the future.

Economic (direct) regulation has various forms of irrevocable financing of industries, territories, enterprises in the form of subsidies, allowances, additional payments from special budgetary and extra-budgetary funds at the national, regional and local levels. This also includes preferential loans and tax breaks.

The economic (indirect) forms of government regulation include levers of monetary, tax, depreciation, foreign exchange, customs policy, etc.

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer questions for self-control.

3. Complete the proposed tasks.

4. Prepare abstracts on topics:

- "Financial regulators of the economy",

- "Methods of financial regulation in the Republic of Tajikistan".

5. Answer the test questions.

6. Create an additional glossary on the topic.

Questions for self-control:

1. What is macroeconomic equilibrium?

2. What are the theories of macroeconomic equilibrium?

3. What is the essence of the classical macroeconomic model?

4. What methods are used for state regulation of the economy?

5. What is the content of public policy in a command economy?

6. What is the content of state policy in a transitional economy?

...

Tasks:

1. Expand the content of the classical theory of macroeconomic equilibrium.

2. Expand the essence of Keynesian theory and macroeconomic equilibrium.

3. Name and describe the methods of financial activities of the state.

4. Make a presentation on "Keynesian Model for Determining Equilibrium Output, Income and Employment."

5. Name the most important legislative acts of the Republic of Tajikistan that regulate financial activity, assess their number as sufficient, insufficient, excessive. Justify your choice.

Test

1. The methods of economic regulation include:

A) redistribution of income; B) Conducting antimonopoly policy; C) Small business support; D) Macroeconomic stabilization; E) all answers are correct.

2. The process of purposeful and consistent application by the state of forms and methods of financial impact on business entities:

A) direct taxation; B) financial regulation; C) financial planning; D) international lending; E) budget financing.

3. The representative of the classical school of economics is:

A) D. Keynes; B) A. Smith; C) D. Say; D) K. Marx; E) R. Owen;

4. The main financial regulators used in the financial regulation process

A) taxes and non-tax payments to the budget; B) financial incentives and sanctions; C) operating costs of budgetary organizations; D) general and targeted subsidies for government orders; E) all answers are correct.

5. Establishing the proportions of distribution and accumulation, ensuring the satisfaction of needs at the micro and macro levels:

A) financial planning tasks; B) financial planning strategies; C) principles of financial planning; D) the purpose of financial regulation; E) types of financial planning.

6. Types of government financial regulation include:

A) banking and fiscal; B) strategic and tactical; C) economic and administrative; D) political and legal.

E) trade and economic;

7. There are two theories of macroeconomic equilibrium:

A) classical and neoclassical; B) social and state;

C) credit and tax; D) classical and Keynesian; D) internal and external.

8. Types of financial regulation cover:

A) tax regulation; B) budgetary regulation; C) state credit regulation; D) monetary and financial regulation; E) all answers are correct.

9. Balance of the entire economic system as a whole, characterizing the balance, proportionality of all economic processes:

A) operational management; B) mathematical analysis; C) economic modeling; D) macroeconomic balance; E) budget financing.

10. Macroeconomic equilibrium is subdivided into:

A) horizontal and vertical; B) internal and external; C) ideal and real; D) financial and tax; E) credit and fiscal.

**Topic 14 State social insurance in the Republic of Tajikistan**

**14.1. Economic essence of insurance.**

**14.2. State social insurance.**

**14.3. Financing of state social insurance**

**14.1. Economic nature of insurance**

Almost any economic direction of activity is risky, since there is always the possibility of incurring financial losses, possible adverse events or their consequences. The reason for this may be associated with both the human factor and with natural, independent of the will of man or the phenomena of society. Throughout his life, a person encounters many dangers that threaten his life, health, property.

A person's perceived possible danger is expressed in the concept of "risk". In a society in which there are commodity-money relations, risk from an everyday concept becomes an economic category. As an economic category, it is characterized by the concept of the probability and uncertainty of the development of the situation.

Usually, the concept of risk (riskiness of a situation) is associated with the possible future negative consequences of the event. Risk is a future likely event with negative economic consequences of unknown magnitude. The actual harmful outcome of the risk is expressed through. Unlike hazard, it is subject to a specific material measurement. The factor of the presence of risk and the need to compensate for possible damage requires a mechanism to protect against accidents.

The company uses various measures that allow predicting the occurrence of risk, which makes the likelihood of its negative consequences, i.e. damage. One of the ways to manage risk is through the insurance system.

The Law of the Republic of Tajikistan "On Insurance" defines the concept of insurance.

Insurance is an activity aimed at ensuring the protection of individuals and legal entities from certain, unforeseen events (insured events) at the expense of monetary funds formed from the payments (contributions) paid by them;

Objects of insurance of property interests related to:

1) with the life, health, ability to work of the policyholder or the insured person (personal insurance);

2) with the possession, use, disposal of property (property insurance);

3) with reimbursement of the insured for the harm caused to the person or property of an individual, as well as the harm caused to the legal entity (liability insurance).

The subjects of insurance relations are policyholders and insurers. Policyholders are legal entities and capable individuals who have entered into legal contracts with insurers or who are policyholders by virtue of law. Insurers are legal entities created in the manner prescribed by the legislation of the Republic of Tajikistan for the implementation of insurance activities.

The economic essence of insurance lies in the following functions:

Risk function. The essence is a risk transfer mechanism, more precisely, the financial consequences of risks. For this purpose, the organization forms a specialized insurance fund at the expense of paid insurance premiums (payments for risks). From the funds of the fund for the creation of compensation for material losses of the fund. In exchange for the paid insurance premiums, the insurance company assumes responsibility for the risks assumed.

Preventive function of measures to prevent an insured event and minimize the caused by insured events. For this, the means of ensuring the achievement of the goal of preventive (preventive) measures, the funds of which are spent in advance, prevention, prevention of insurance risks and negative consequences.

The insured risk is the alleged event, in the event of an occurrence, which is insured. An event, considered as an insurance risk, has signs of the likelihood and randomness of its occurrence. An insured event is an event provided for by a contract or law, upon the occurrence of which the insurer is obliged to pay the policyholder, the insured person, the beneficiary or a third party.

The control function is carried out in a strictly targeted formation and use of the funds of the insurance fund. It manifests itself in insurance payments accumulated in the insurance fund for strictly defined purposes, used in strictly defined cases and in a strictly defined circle of subjects. This function is manifested simultaneously with the distribution function and is one of the grounds for financial insurance control (supervision) in the insurance sector. The content of the test is expressed in control over the strictly targeted generator and the funds of the insurance fund.

Savings function for certain types of life insurance - accumulative insurance. The insurance organization provides the client with insurance coverage and the function of a savings institution.

The economic category is described by the following signs:

-the presence of redistributive relations;

-the presence of insurance risk;

-forming an insurance community from among policyholders and insurers;

-combination of individual and group insurance interests;

- joint liability of all insurant for damage;

- closed layout of damage;

- redistribution in violation and time;

-recoverability of insurance payments;

- self-sufficiency of insurance activities.

The economic category of insurance is a composite financial category that is subordinate to the category of finance. The financial category insures its essence, primarily through the insurance of financial risks: business, commercial, stock exchange, currency, banking and credit.

There are different views on the classification system. We will review the current classification of insurance based on current legislation.

Insurance classification is a scientific system of financial insurance of activities, industries, sub-sectors and types, which are presented in such a way that the next link is part of the previous one. The classification is based on differences:

- in insurers and in their fields of activity;

-in insurance objects;

-in the category of policyholders;

-in insurance liability;

- in the form of insurance.

Organizational and legal classification of insurance:

Insurance is state and non-state.

State insurance is a form of insurance organization in which a state organization acts as an insurer. At present, state insurance is carried out under the conditions of a partial state monopoly on certain types of insurance.

Non-state (joint-stock and mutual) insurance - insurers can be non-state legal entities of any organizational and legal form stipulated by law.

Classification by form of implementation:

Insurance can be carried out in voluntary and compulsory forms.

Voluntary insurance - insurance based on a contract between the insurer and the insurer. The insurance rules are established by the insurer.

Obligation insurance - insurance by virtue of law. The types, conditions and procedure for the mandatory delivery are supplied by laws.

Industry classification of insurance:

- Personal insurance;

-Property insurance.

Classification by insurance object

The objects of personal insurance can be property interests related to:

- with the survival of citizens to a certain age or term, with death, with the onset of events in the life of citizens (life insurance);

- causing harm to life, health, the provision of medical services (insurance against accidents and diseases, medical insurance).

The objects of property insurance can be property interests related, in particular, to:

- ownership, use and disposal of property (property insurance);

- the obligation to compensate the harm caused to persons (civil liability insurance);

- carrying out entrepreneurial activity (insurance of business risks).

Classification of insurance contracts

All insurance contracts are subdivided into:

1. Property insurance contracts:

-property insurance;

- civil liability insurance;

- business risk insurance.

2. Personal insurance contracts:

- insurance in case of harm to life or health;

- insurance in case of reaching a certain age;

- insurance in case of an occurrence in life and an event provided for in the contract.

In addition, special types of insurance are allocated:

- insurance of foreign investments against non-commercial risks;

-health insurance;

-insurance of bank deposits;

- pension insurance.

14.2. State social insurance

The Law of the Republic of Tajikistan "On State Social Insurance" defines the legal, economic and organizational foundations of state social insurance of citizens and does not apply to voluntary social insurance.

State social insurance is a system of state-guaranteed types of insurance for insured persons in the event of loss of earnings or income due to illness, work injury or occupational disease, disability, pregnancy and childbirth, old age, unemployment, loss of breadwinner, death and in other cases established by the laws of the Republic of Tajikistan at the expense of compulsory insurance contributions from employers and citizens. State social insurance is compulsory.

The main principles of state social insurance are:

- the general and mandatory nature of state social insurance and the provision of social protection for insured persons;

-state guarantees of the achieved level of social protection of insured persons;

-classification of the level of social protection of insured persons, taking into account their labor contribution, reasons for the insured event and other factors;

-responsibility of the policyholder and the insurer for ensuring the rights of the insured persons; the responsibility of the insured persons, providing for their direct participation in the registration and financing of their social insurance;

-equality and legal protection of subjects of state social insurance; participation of representatives of all subjects of state social insurance in the management of state social insurance (government, insurer, associations of employers and employees represented by their representative);

-availability in ensuring and exercising the rights of insured persons and organizing control over the state social insurance system;

- the isolation of financial resources of state social insurance and the implementation of payments to insured persons, depending on the fulfillment of obligations on social insurance;

-responsibility of the state for the safety, placement and use of state social insurance funds.

State social insurance applies to all individuals working under an employment agreement (contract), in enterprises, institutions and organizations of all forms of ownership and economic activity, among individuals, as well as persons who are members or participants in enterprises.

Citizens of the Republic of Tajikistan carrying out their activities under contracts of a civil nature, including in representations of foreign states, international and diplomatic organizations on the territory of the Republic of Tajikistan, as well as foreign citizens and stateless persons engaged in labor, economic and entrepreneurial activities (without education legal entity) on the territory of the Republic of Tajikistan are subject to compulsory state social insurance in accordance with the law. The procedure for the implementation of compulsory state social insurance in relation to these persons is determined by the Government of the Republic of Tajikistan.

The Republic of Tajikistan establishes the following types of provision for state social insurance:

1) pension provision;

2) benefits for temporary disability;

 3) benefits for pregnancy and childbirth;

 4) family benefits;

 5) unemployment benefits;

 6) funeral benefits (ritual benefits);

 7) spending funds for the health improvement of employees and their families, as well as for the implementation of other measures that correspond to the tasks and functions of labor protection and health improvement of workers and their families;

 8) supplements to pensions from pension savings in individual savings accounts;

9) other types of payments assigned in accordance with the laws of the Republic of Tajikistan, as well as ensuring the performance of the functions of the insurer.

The procedure for payments from funds in individual savings accounts of citizens

Pension benefits:

The insurer appoints and ensures payments from pension savings to insured persons who have reached the established retirement age and timely made, in the manner prescribed by law, independently or through an employer, the payment of pension (insurance) contributions to individual savings accounts.

The payment is made in the following forms:

- the establishment of a regular (monthly) supplement to the labor pension;

- one-time payment of accumulated funds;

- transfer of the accumulated funds to a non-state pension fund chosen by the pensioner.

From the pension savings in the individual current account of the insured person, upon reaching the retirement age, a supplement is assigned to the pension.

The procedure for payment and the amount of the pension supplement is determined by the Government of the Republic of Tajikistan.

A lump sum payment of individual savings is carried out by the insurer if the total amount of savings is less than the established standard for assigning a monthly supplement to pension, equal to 36 times the amount of the indicator for calculations established at the time the right to a supplement arises (at the time of applying for a supplement).

A lump sum payment is made by the insurer on the basis of a written application from the insured person upon reaching the established retirement age and having the right to establish an additional payment. The payment is made by transferring funds to the account (deposit) specified by the insured person.

In the cases established by the legislation of the Republic of Tajikistan, the funds in the individual savings account of the insured person, on the basis of his written application, can be transferred to a non-state pension fund, the details of which are indicated by the applicant.

A non-state pension fund (with the exception of non-state pension funds that provide services to persons traveling abroad for permanent residence, who have the right to indicate a non-state pension fund at a new place (country) of residence, can be elected by an insured person only from funds operating in the territory of the Republic of Tajikistan.

The procedure and conditions for the transfer of pension savings to non-state pension funds are determined by the Government of the Republic of Tajikistan.

Temporary disability benefit:

Temporary disability allowance is paid in case of illness (injury) associated with disability, if it is necessary to care for a sick family member, quarantine and prosthetics.

Temporary disability benefit is paid in the following amounts:

-100 percent earnings:

- to employees upon receiving a work injury or occupational disease;

- working participants of the Great Patriotic War and persons equated to them;

- workers relocated from the zones of radioactive contamination as a result of the Chernobyl disaster and equivalent zones of ecological disasters, with diseases of the hematopoietic organs (acute leukemia), thyroid gland (adenoma, cancer), malignant tumors.

-70 percent earnings:

- employees with continuous work experience of eight or more years;

- employees who have three or more dependent children under 16 (or students under 20);

-60 percent:

- employees with up to eight years of continuous work experience.

An employee has the right to receive benefits if temporary incapacity for work occurred during the period of work, on the way to work, as well as from work, including on the day of dismissal.

Temporary disability benefits are issued until the restoration of working capacity for a period of no more than four months in a row and no more than twelve months in case of tuberculosis, and after their expiration, the employee is sent to the State Service of Medical and Social Expertise to determine disability.

The amount of temporary disability benefits per month cannot be less than the indicator for calculations. The basis for the appointment of temporary disability benefits is a certificate of incapacity for work (sick leave) issued in accordance with the established procedure. In case of loss of the certificate of incapacity for work, the benefit is issued on its duplicate.

Continuous work experience with the amount of benefits is calculated by the day of incapacity for work in accordance with the Rules for calculating continuous work experience of employees when assigning benefits for state social insurance, approved by the Government of the Republic of Tajikistan.

The procedure for the appointment and payment of benefits for temporary disability at enterprises is determined by the regulatory legal acts of the Republic of Tajikistan.

Insured persons from among individual entrepreneurs are entitled to benefits for temporary disability on a general basis. The payment of benefits to these persons is made at the time of submission of their social insurance declaration by offsetting the amount of the benefit due to them against the paid insurance contributions.

Pregnancy and Childbirth Benefit:

The maternity allowance is paid in the amount of full earnings for the entire period of leave granted to a woman in connection with pregnancy and childbirth, regardless of how many days of the leave were for antenatal and how many for postnatal periods.

Family benefits:

When a child is born in a family, the following family allowances are assigned and paid: one-time allowance in connection with the birth of a child; monthly childcare benefits.

A one-time benefit in connection with the birth of a child is assigned in the amount:

- at the birth of the first child - in the sum of three indicators for calculations;

- at the birth of a second child - in the sum of two indicators for calculations;

- at the birth of a third or more child - in the sum of one indicator for calculations.

The allowance is paid at the place of work (study) of one of the parents, and if the parents do not work or study - by the departments of social protection of the population at the place of residence. A lump sum at the birth of a child is assigned and paid from the date of birth of the child, if the application was followed no later than 6 months from the date of birth of the child.

Child care allowance:

If a woman is granted parental leave until she reaches the age of one and a half years, she is paid a monthly childcare allowance for this period at the place of work from social insurance funds in the amount of 100 percent of the indicator for calculations.

Unemployment benefits:

Unemployment benefits are assigned and paid in accordance with the Law of the Republic of Tajikistan "On promoting employment of the population" and other regulatory legal acts of the Republic of Tajikistan.

Burial allowance for members of a poor family:

Burial allowance (ritual allowance) to members of a poor family is issued in the event of the death of the insured person, as well as in the event of the death of a dependent family member. The amount of the burial allowance is twenty times the size of the indicator for calculations. The procedure and conditions for payment of the burial allowance are determined by the Government of the Republic of Tajikistan.

Purpose, size and terms of payment of insurance amounts:

Assignment and payment of insurance sums are made for each type of state social insurance in the amount and within the time frame provided for by law. To the insured persons who are in labor relations, benefits and targeted payments for state social insurance are assigned and paid by the insured at the place of work or residence. In the event of the liquidation of the enterprise or the change of the policyholder, benefits are assigned and paid by the legal successor, and in the absence of a legal successor, by the authorized social insurance body that registered the policyholder.

Non-working insured persons (pensioners and unemployed) are paid by the authorized bodies at the place of residence.

Benefits are assigned and paid if the application for them was followed no later than 6 months from the date of the end of the insured event.

Benefits not received by the day of death of insured persons are paid to family members living with them or to persons who were dependent on the deceased. Benefits remaining unreceived are not included in the estate. Payments under this law to insured persons living and working in districts and localities where regional coefficients to wages are applied in accordance with the established procedure are determined taking into account these coefficients.

The management of the state social insurance system is carried out by the Government of the Republic of Tajikistan through an authorized body, with the participation of representatives of employees and the association of employers, who develop a coordinated state policy in the field of social insurance, as well as financial and legal audit of social insurance participants.

Operative management of funds and property of state social insurance is carried out by the authorized body. The authorized body carries out its activities in accordance with the Law of the Republic of Tajikistan "On State Social Insurance", as well as the Regulation "On the Social Protection Fund of the Population of the Republic of Tajikistan", approved by the Government of the Republic of Tajikistan.

The authorized body carries out its activities in accordance with the law, other regulatory legal acts of the Republic of Tajikistan, as well as the Regulation approved by the Government of the Republic of Tajikistan.

The expenditure of state social insurance funds for sanatorium-resort treatment, organization of recreation for employees and their families, dietary meals and other health-improving and preventive measures are carried out directly at the enterprise by the trade union committee or the relevant representative body of employees.

14.3. Financing of state social insurance

Financing of payments of pensions, benefits and other funds of a targeted nature for state social insurance is carried out by the insurer.

The funds of the authorized body are formed by:

- compulsory insurance premiums of enterprises, institutions and organizations of all forms of ownership, other organizations located on the territory of the republic, regardless of their departmental affiliation, citizens engaged in entrepreneurial activities (not legal entities), and other citizens subject to state insurance in accordance with the law ;

- funds reimbursed in connection with the appointment of early pensions and for the purpose of preferential pension provision in accordance with the Law "On Pension Provision of Citizens of the Republic of Tajikistan";

- means of compulsory insurance premiums collected in an indisputable manner from legal entities and individuals;

-voluntary contributions and charitable donations from legal entities and individuals;

 - dividends and income received from activities not prohibited by law;

-incomes received for the provided financial assistance, from temporarily free funds and deposits of the authorized body;

- funds from the republican budget intended for the payment of pensions and benefits to servicemen and their families, pensions for special services to the Republic of Tajikistan and reimbursement of costs associated with an increase in pensions and benefits with changes in the cost of living index and an increase in wages;

- funds from local budgets intended for the payment of pensions for special services of local importance, as well as social pensions;

- the amounts credited to the special part of individual savings accounts for subsequent payments to pensioners with the introduction of individual accounting in the state social insurance system;

- other receipts that do not contradict laws and other regulatory legal acts.

The funds of the authorized body are not subject to seizure, taxation and commission fees.

The funds accumulated in the budget of the authorized body are divided into two categories:

- insurance premiums, receipts in the form of financial sanctions, subventions from the republican and local budgets, dividends and interest from the placement of temporarily free funds are included in the state budget, are subject to distribution and spending in accordance with the approved budget for the next year;

- funds received in the form of pension payments from wages and incomes of the population, sent to the accumulation part of the individual current account of the insured person, as well as interest and dividends from their temporary placement are not included in the state budget of the Republic of Tajikistan for the next financial year and are accumulated in the form state pension reserve.

The budget of the authorized body for the next financial year reflects the funds that are received and are subject to spending in a given year, as well as funds allocated to pay supplements to pensions from pension savings (from the state pension reserve) this year.

The insured are obliged to calculate and pay social tax in the manner and amount established by the Tax Code of the Republic of Tajikistan.

The structure of the social tax includes:

- contributions to social insurance;

- pension contributions;

- contributions for unemployment insurance.

Insurance premiums paid by insured persons are recorded on individual savings accounts in the manner determined by the Government of the Republic of Tajikistan. Social tax and pension contributions are excluded from the taxable amount.

With the introduction of individual personified accounting in the state social insurance system, an individual savings account is opened for each insured person, in which information on mandatory pension savings rights is entered in electronic form.

An individual accumulative current account is a special part of the account containing information about received insurance premiums, amounts of accrued income from the use of the insured person's savings, indexation of these amounts and payments made.

In order to protect against inflation and ensure the subsequent indexation of the amounts accumulated on personal savings accounts, the authorized body has the right, in accordance with the current laws, to place them in deposit accounts with banks of the Republic of Tajikistan, invest in securities (shares, bills of exchange, etc.).

In order to ensure income, pension savings may be placed by the insurer in the pension assets of non-state pension funds in the manner determined by the legislation of the Republic of Tajikistan.

The insurer is obliged to ensure profitability from the placement of pension savings not lower than the inflation rate or the refinancing rate of the National Bank of Tajikistan.

The procedure for assigning and paying the guaranteed part of the labor pension from the compulsory pension accumulation account is determined by the legislation of the Republic of Tajikistan.

Policyholders transfer insurance premiums on a monthly basis (including for employees) at the time of receipt of funds from banks for wages for the past month for which insurance premiums were charged.

Policyholders who do not have accounts with bank institutions, as well as pay sums for wages from the proceeds from the sale of products, performance of work and provision of services, pay insurance premiums until the 10th day of the month following the month for which insurance premiums were charged.

Payers of insurance contributions, who, due to working conditions, established in accordance with the current legislation, the payment of remuneration for work based on the final results of work, are paid insurance premiums from the amounts paid as payment for labor, or in the form of fixed rates established by the Government of the Republic of Tajikistan, followed by the final by calculation based on the results of the year, within the timeframe of actual receipt of funds from bank institutions for the indicated purposes.

Payers of insurance contributions, carrying out labor activities on other conditions, pay insurance contributions from those types of income and in those terms that are determined for the category of citizens by the Tax Code of the Republic of Tajikistan.

The control over the payment of insurance contributions and the expenditure of social insurance funds is carried out by representatives of the social insurance bodies or independent audit organizations by decision of the state social insurance management body. Policyholders, banks, other bodies carrying out operations with state social insurance funds are obliged to submit to the social insurance supervisory bodies the necessary documents and information related to their field of activity. Public control over ensuring the rights of insured persons, spending state social insurance funds at enterprises, institutions, organizations is carried out by representative bodies of employees.

For incorrect accrual, untimely payment and transfer of insurance premiums to the authorized body, untimely registration as payers of contributions, the insured are liable in accordance with the Tax Code of the Republic of Tajikistan and the Code of Administrative Offenses, and in case of actions that caused material damage to the budget of the authorized body, the insured is obliged to provide compensation for damage in full. Compensation for damage is made in the manner established by the current legislation of the Republic of Tajikistan or is recovered by a court decision.

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer self-control questions.

3. Complete the proposed tasks.

4. Prepare abstracts on topics:

- "Activities of insurance companies in the Republic of Tajikistan";

- “The role of the state social insurance fund in the Republic of Tajikistan”.

5. Answer test questions.

6. Make an additional glossary on the topic.

Questions for self-control:

1. Give a definition of insurance as an economic category.

2. Name the main objectives of insurance.

3. Give a definition of the terms "insurer" and "insured".

2. What is insurance liability?

3. Define the concept of "insured event".

4. What is state social insurance?

5. What are the functions of insurance.

6. Give a definition of government insurance reserves.

7. What is the significance of state insurance funds?

8. What are the main principles of state social insurance?

Tasks

1. Name the forms of compulsory insurance in the Republic of Tajikistan.

2. What types of insurance are included in the compulsory national insurance?

3. List the types of insurance related to state professional insurance.

4. Give definitions of personal and property insurance.

5. Name the forms of property insurance.

6. What types of insurance are property risks insurance?

7.Explain the types of provision for state social insurance in the Republic of Tajikistan.

8. Make a presentation on the topic: Problems and prospects of insurance activities in the Republic of Tajikistan.

Test

1.Future probable event with negative economic consequences of unknown size:

A) course; B) recession; C) deflation; D) risk; E) surplus.

2. Activities aimed at ensuring the protection of the interests of individuals and legal entities from the consequences of certain, unforeseen events at the expense of monetary funds formed from the payments they pay:

A) taxation; B) insurance; C) financing; D) lending; E) management.

3. The subjects of insurance relations are:

A) lenders and borrowers; B) policyholders and insurers; C) sellers and buyers; D) banks and clients; E) taxpayers and auditors.

4. The economic essence of insurance consists in the following functions:

A) risk function; B) warning function; C) savings function; D) control function; E) all answers are correct.

5. The form of organization of insurance, in which the insurer is a state organization:

A) non-state insurance; B) voluntary insurance; C) compulsory insurance; D) state insurance; E) property insurance.

6. Type of insurance carried out on the basis of an agreement between the policyholder and the insurer. The insurance rules are established by the insurer.

A) banking; B) strategic; C) economic; D) voluntary; E) economic.

7. In the Republic of Tajikistan, the following types of provision for state social insurance are established.

A) benefits for temporary disability; B) family benefits; C) retirement benefits; D) maternity benefits; E) all answers are correct.

8. An accomplished event, with the onset of which the obligation of the insurer arises to pay the insured person or reimburse the costs incurred by him.

A) insurance company; B) insurance premium; C) insured event; D) insurance payments; E) length of insurance.

9. Compulsory payment for state social insurance, which the policyholder is obliged to pay to the insurer.

A) bank loan; B) tax payment; C) insurance premium; D) customs duties; E) utility tariff.

10. Classification according to the form of insurance.

A) horizontal and vertical; B) internal and external; C) voluntary and obligatory; D) banking and currency; E) credit and fiscal.

**Topic 15: Public finance of the social sphere**

**15.1. Social policy in the Republic of Tajikistan and sources of its financing.**

**15.2. Financial management in social sectors.**

**15.3. Planning budget expenditures for social purposes.**

**15.4. Financing of social sectors.**

**15.1. Social policy in the Republic of Tajikistan and sources of its financing**

 **Social politics -** this is the activity of state authorities and state institutions in the field of social relations.

The object of social policy is the population as a whole, its individual constituent social communities, strata and groups, families. In the pre-reform period, the social sphere included art, culture, sports, science, education, health care and social security, i.e. those industries where material benefits were not created.

The social sphere was called budgetary, non-productive. At present, it is customary to call the sphere of people's life, covering a wide range of objects or subjects of social policy. To fulfill the main functions of the state and to solve specialized problems, a social infrastructure is being created.

The goal of developing social infrastructure is to improve the quality of life of the population, which is, ultimately, the basis for the growth of the national economy, as well as to strengthen social stability in society. These problems are very relevant for all countries of the world. The composite indicator of the quality of life - mortality and morbidity, the state of the environment, the level of education, the dynamics of crime - has grown in most countries in recent years. In our country, the quality of life of the population in the 1990s deteriorated, resulting in an increase in the number of unsolved problems.

The current stage of development of society and the economy is characterized by contradictions between the need to build a modern social system and the lack of appropriate socio-economic conditions; between the needs for significant financial resources and the real possibilities of the state and territories to finance the social sphere; between old organizational forms, new tasks of economic reform and negative phenomena in society. What negative phenomena are we talking about?

First of all, this is a sharp aggravation of interethnic relations; environmental problems; increase in crime, delinquency, decline in morality; social and political passivity of the population; insufficient legal and political culture; lower living standards of the population; a sharp decline in fertility and an increase in mortality.

At present, the principle of strict state regulation and making adjustments to the state financial policy have been adopted as the basis for stabilizing the socio-economic situation in the country. Attempts are being made to exclude sharp jumps in retail prices, a mechanism has been developed for the consistent elimination of the state's arrears in wages to public sector employees, pensions, benefits, compensation payments to the population.

The main tasks of the state social policy at the present stage of development are: the implementation of a complex of stabilization and restoration measures, including support for the country's life support systems; implementation of urgent measures of social support of the population; prevention of aggravation of social conflicts; increasing the efficiency of state regulation of economic activity.

Since the social sphere to a large extent represents the non-market sector of the economy, the regulatory role of the state in relation to it is manifested more noticeably. Over the past decade, social spending in the Republic of Tajikistan has increased despite a decline in GDP. However, the share of families with incomes below the subsistence level is also growing.

Note that the subsistence minimum is the satisfaction of physiological needs at the expense of the cheapest products with minimal costs for services, medicines, sanitary and hygienic goods and linen. In other words, the subsistence minimum is an indicator of the minimum volume and structure of consumption of material goods or services necessary to maintain health and maintain a person's life.

The size of the subsistence minimum is established in kind and in value terms. When assessing the quality of life of the population, an indicator such as the minimum consumer budget is also used. It is roughly double the cost of living, as it includes the purchase of new clothes, shoes, durable goods, and leisure expenses.

The most important duty of the state is to ensure the social rights of citizens. Social guarantees are based on the principle of compliance with a single social standard throughout the country, uniform rules for subsidizing regions. Uniformity, for example, applies to the remuneration of workers in the social (budgetary) sphere; the same volume and quality of medical care and education is guaranteed; the permissible level of unemployment is fixed. However, the three-level construction of social policy complicates the implementation of the state strategic line of social protection of the population. The list of types of social spending in different regions of the republic has significant differences and depends on their budgetary possibilities.

The largest share in expenditures is occupied by the costs of paying compensation to low-income citizens to pay for utilities, the introduction of benefits.

The reform of interbudgetary relations has made it possible to increase the role and importance of each element of the budget system - the republican budget, territorial and local budgets - in solving social problems. In case of insufficient funds from lower-level budgets for the implementation of state social policy, regulatory mechanisms are used, such as transfers, targeted subventions, grants, targeted programs, budget loans allocated by the state.

 Since the mechanisms of self-regulation in the social sphere have practically ceased to function, it became necessary to carry out reforms. They are aimed at cutting budget expenditures, since the outdated structure of the network of social institutions is not effective, not optimal, the state does not have the funds to maintain and support it. For example, health care reforms provide for the need to improve the quality of medical care based on a combination of the principles of competition (freedom to choose a doctor, public or non-public hospital, etc.) with budgetary financing of costs based on the number of patients treated, and not hospital beds. Control over the activities of medical institutions by professional organizations, insurance companies, etc. is important for the rational use of funds. Mastering the achievements of medical science and technology, as well as modern management methods should lead to resource savings and provide institutions with qualified personnel. The development of the institution of family doctors is intended to direct their efforts towards early diagnosis and prevention of diseases, which will significantly reduce the cost of treating patients. The operation of rehabilitation centers, nursing hospitals is much cheaper than the maintenance of ordinary expensive hospitals.

 The immediate tasks of the state policy in the field of education proclaimed measures aimed at:

• minimization of costs;

• bringing the professional and qualification structure of training specialists in line with the needs of practice;

• state regulation of the educational literature market;

• increasing the financial independence of institutions, etc.

The implementation of the constitutional rights of citizens to social security by age, disability, in case of loss of a breadwinner, birth and upbringing of children, in case of unemployment, as well as to receive free medical care due to illness is ensured not only at the expense of budgetary funds, but also at the expense of state and non-state funds. extra-budgetary earmarked funds. One of the main types of social protection of the population is pension provision.

According to statistical indicators, as of April 1, 2012, the total number of pensioners in the Republic of Tajikistan amounted to 594,587 people, which in comparison with this period of last year increased by 16,563 people. The average pension in the republic amounted to 152.66 somoni and increased by 24.89 somoni in comparison with this period last year. The monthly payment of pensions amounted to 90 million 771 thousand somoni, which is 16 million 900 thousand somoni or 22.9% more than in the same period last year. Of the total number of pensioners, 502,426 people receive a labor pension, and in comparison with last year, it has increased by 11,050 people. The number of social pensioners as of April 1, 2012 amounted to 92 109 people, which compared to the last year increased by 5 508 people.

Distinctive features of the domestic pension system are:

• low retirement age in comparison with other countries (55-60 years);

• the same (35-40 years) work experience required to receive the maximum pension;

• high proportion of pensioners receiving pensions on preferential terms (depending on working conditions, etc.);

• payment of social pensions to citizens after reaching retirement age or establishing disability without the necessary length of service;

• payment of pensions while continuing to work;

• limiting the maximum amount of pensions;

• payment of fixed compensation markups due to price increases;

• compulsory insurance contributions of enterprises and organizations to the Pension Fund.

 To carry out more transparent activities in the payment of pensions and equivalent payments, the Ministry of Labor and Social Protection of the Population of the Republic of Tajikistan, together with the Savings Bank of the Republic of Tajikistan "Amonatbank", to provide services through bank plastic cards, to date, 156073 pensioners from the cities of Kurgan-Tyube , Kulyab, Khujand, Isfara, Tabashar, Istaravshan, Nurek, Vakhdat and Tursunzade, Sino, Firdavsi, Shokhmansur and I. Somoni districts of Dushanbe city were transferred to this service system. Since the beginning of June this year, 12794 pensioners from the city of Khorog (2767) and the Yavan region (10 027) have also been transferred to service through plastic cards.

On March 1, 2012, No. 62, a resolution of the Government of the Republic of Tajikistan “On tasks for the payment of pensions to citizens of the Republic of Tajikistan by the State Agency for Social Insurance and Pensions” was adopted.

From April 1, 2012, the State Agency for Social Insurance and Pensions, as an authorized body, will continue to carry out the issues of assigning pensions to citizens of the Republic of Tajikistan, and pay social benefits.

In pursuance of the decree, an order was signed by the Ministry of Labor and Social Protection of the Population, on the basis of which the working groups were sent to GBAO, Sughd and Khatlon regions, the city of Dushanbe and cities and regions of republican subordination to receive pension cases for pensioners.

The State Agency for Social Insurance and Pensions, as an authorized body, will carry out the acceptance of pension cases of pensioners of the republic in accordance with the acts prepared by the Working Headquarters.

With the aim of transparency and elimination of deficiencies, the State Agency for Social Insurance and Pensions will conduct a complete inventory of pension files of pensioners and re-registration of pensioners.

The current social protection system is based on the allocation of categories of the population entitled to receive assistance in the form of benefits without taking into account the real need, which is not a standard of social justice. Therefore, the state program of social reforms in the Republic of Tajikistan for the period up to 2015 provides for the need to develop and implement new approaches in the field of social protection of the population, which should be based on the principles of targeting and efficiency. The country began to create a balanced set of social programs aimed at mitigating the negative consequences of the crisis and partial compensation for the losses of the most needy groups of the population.

Social protection of the population and the provision of services in stationary institutions.

In 2012, institutions of the social services sector provided 22951 citizens with all types of services. Including in stationary conditions 1578 persons, in regional centers of social services and day care 1912 persons, at home 4740 persons. More than 700 people have been provided with sanatorium treatment, 759 people have been provided with wheelchairs, 3,382 people have been provided with prostheses (arms and legs) and orthopedic shoes, 7,936 people with canes and 1,944 people with crutches.

Today, 1578 beneficiaries (915 men and 663 women) live in state institutions, boarding houses, including 611 children. All beneficiaries are fully provided with sleeping places, hot meals, clothing and medical and social services from the state budget.

In the Baljuvan region, the construction of an international center for the rehabilitation of disabled people (for 150 places) continues, one part of which has been put into operation. The new building is designed for 20 places (10 children with mothers) and is equipped with the necessary equipment, including modern medical equipment, beds and is ready to receive. This center has been operating since June 18, 2012.

To cover those in need with the provision of social services in 38 cities and districts of the republic, 618 employees of the departments of social services at home of the executive bodies of state power in the places of 4740 provide those in need on 20 types of social, social, psychological, medical and social, legal, consulting services.

Thus, the most important condition for the functioning of any social system is its resource support, which includes personnel, material resources, financial resources or sources of funding.

Labor market regulation, employment of the population as a priority in socio-economic policy is under the supervision and close attention of the Government of the Republic of Tajikistan.

In this direction, state employment bodies, continuing to work on regulating the labor market and employment of the population, strengthening and implementing state policy, within the framework of the State Program for Assistance to Employment of the Population of the Republic of Tajikistan for 2012, ensured the implementation of its indicators in the amount of 65.0%.

In general, over the past period, 61079 citizens applied to the state employment bodies, 35935 of them were registered as unemployed, 24183 people were officially recognized as unemployed.

In the process of implementing the measures of the Program of Assistance to Employment of the Population, 18,761 people were provided with permanent jobs, including through the quota of 1,515 and the organization of individual work for 1,553 people. On the basis of bilateral agreements with enterprises and organizations, 3103 people were involved in public work, and 8346 people were involved in vocational education in training centers of employment agencies.

When organizing job fairs, 4,839 unemployed citizens and job seekers are involved in various types of employment.

Professional training and retraining of unemployed citizens. In the first half of 2012, in accordance with the needs of the labor market as a whole, 32289 unemployed citizens seeking work and labor migrants were covered by vocational training, advanced training, retraining and certification of professional skills in 43 professions, including 8346 people through the directions of the agency, 14787 people through self-financing, 6,746 people certified professional skills and 2,410 people through other organizations and institutions.

At the same time, in order to fulfill the instructions and orders of the President of the country voiced in the next Appeal to the Majlisi Oli of the Republic of Tajikistan on April 20, 2012, the Ministry signed agreements on cooperation in training 100,000 workers with the Ministry of Education of the Republic of Tajikistan (May 15, 2012) and with the Migration service under the Government of the Republic of Tajikistan (May 18, 2012).

Career guidance. During the reporting period, 13 867 citizens were oriented towards various professions, including 678 in GBAO, 2746 in Sughd region, 3190 in Khatlon region, 3712 in the city of Dushanbe and 3541 people in cities and regions of the republic.

 The main sources of funding are funds from budgets of all levels and funds of state extra-budgetary funds for social purposes: pension, social insurance, employment, compulsory health insurance.

Despite the fact that, in aggregate, the volume of revenues and expenditures of these funds is two-thirds of the state budget revenues, the success of social initiatives cannot be ensured without attracting additional funds, such as special purpose loans; funds of non-state pension funds; targeted taxation; income from paid social services; donors' funds; other extrabudgetary sources inherent in a particular industry.

For example, they become the property of the state and special sources of financing can be used for social services. These include, for example, cash and funds from the sale of property of elderly citizens and disabled people who lived and died in inpatient social service institutions, who did not leave a will and did not have heirs.

At the institutional level, attracting additional sources for social purposes can be carried out in two ways:

• entrepreneurial activities of the institution itself, including paid services;

• interaction with legal entities and individuals capable of carrying out charitable activities in favor of the institution (acting as sponsors).

The restriction of budgetary financing has formed a stable tendency for social institutions to expand the boundaries of their market activities. The increase in non-budgetary sources is due to the emergence of economic interest, since a significant part of them is directed to wages and improvement of working conditions. In accordance with the laws of the republic, only those social services that are not provided for this institution as basic can be paid, the latter are financed from the budget.

A stable and long-term non-budgetary source can be income from rental of vacant premises. At the same time, the necessary conditions for registration of lease relations should be the reliability and solvency of the tenant, as well as not deterioration of conditions for the implementation of the main activity.

It is impossible to plan the amount of charitable funds. It depends on the efforts of all participants in the social process: work collective, parents, spectators, patients, the public. A distinctive feature of this source is that the philanthropist, not the beneficiary, determines the purpose of the funds, while the income from independent commercial activities is used by institutions at their own discretion.

It is also appropriate to recall such a source of funding as the funds of international organizations transferred to institutions both on a gratuitous basis (in the form of charity) and for the implementation of international cooperation programs. When creating a system of state support for international projects in the humanitarian field, the volume of attracted financial and other resources from foreign partners and funds could become more significant than at present.

Another source of funds is extra-budgetary funds. Extrabudgetary funds are revenues received by budgetary institutions in excess of the appropriations allocated from the budget. They are also called special funds, attracted funds or additional sources of funding.

The legal basis for their involvement consists of a whole series of laws of the Republic of Tajikistan, both sectoral and industry-wide. The income is credited to a separate account with a credit institution and used in accordance with the estimate and the regulation adopted in the institution on the procedure for spending extra-budgetary funds. Accounting for income and expenses is carried out on a single balance sheet according to the chart of accounts established for budgetary institutions. The reporting is prepared on separate forms. Extra-budgetary funds are subject to taxation in accordance with the established procedure. Cash balances are not withdrawn.

 In addition to the above income, budgetary institutions may have funds that are called "amounts on instructions." They come from legal entities and individuals, in some cases - from other budgets to special accounts in the bank and are intended to carry out certain orders.

15.2 Financial Management in Social Sectors

 Financial management in social sectors is complicated by the instability of socio-economic and socio-political processes. Modern state policy is aimed at improving the economy through strengthening the economic independence of the subjects, transferring them the competence to make managerial decisions, and strict financial regulation of costs. At the same time, certain problems in the social sphere began to pose a serious threat to socio-economic stability in society. This is why social implications are considered when making strategic decisions. The concept of "sphere" is increasingly included in the practice of managing social systems, since they are closely interconnected with each other, with the governing bodies, the economy and finance.

The general foundations of management should be considered through a number of key concepts that can sufficiently characterize the content and goals of management activities, mechanisms of the management process, and expected results. Such concepts include management, leadership, management, functions, the relationship between the controlled and the controlling systems, management efficiency, etc.

In particular, social (public) management is understood as the impact on society as a whole and on its individual links (economy, socio-political and spiritual life) in order to ensure the preservation of their qualitative specifics, normal functioning and development, successful movement of the system towards a given goals.

There are four areas for improving social management, which are directly related to finance:

• delineation of the competence, authority and responsibility of management bodies at all levels and ensuring their effective interaction;

• transition from distributive and prescriptive to regulatory management;

• development of the principles of autonomy of institutions with a simultaneous increase in responsibility for the final results of activities;

• development of public and state forms of government.

Due to the lack of sufficient financial resources when developing a management strategy, there is always a need to solve such problems as the choice of priorities; identification and use of new sources of financing, creation of organizational and economic mechanisms for the rational use of available funds; reasonable distribution of powers to manage resources. The task of choosing the priorities that need to be provided with state financial resources at the republican level is, among other things, in determining the ratio of costs for various areas of social policy. The regional and local levels are responsible for the implementation of state laws, specifying the mechanisms for their implementation, assessing the effectiveness or shortcomings of these laws.

Legal norms are designed to establish strict responsibility of executive authorities for the implementation of the law on the budget, and budgetary organizations - for the targeted and economical use of funds. This is done, among other things, by transferring funds from commercial banks to the accounts of treasury bodies in state banks, which will prevent unreasonable expenses. A detailed deciphering of budget assignments is carried out, the degree of budget execution is constantly monitored by the legislative authority and financial control bodies. It should be noted here that control is one of the most important management functions. In the modern situation, its significance is growing and filled with new content.

No less important for the effectiveness of management are budgetary norms and standards that allow to objectively determine the budgetary needs of regions and institutions. In this regard, the adoption of budgetary legislation regulating the mechanisms for the implementation of social guarantees to the population on the basis of the minimum budgetary provision standards, which is the minimum permissible cost of state and local services in monetary terms per capita, is extremely relevant.

Another dominant indicator for the formation of budget expenditures is recognized as the standard of financial costs per one social service. Standard quality at a standard price can be provided to the public under the legislatively approved state minimum social standards (GMSS). It is assumed that the range of the GMSS will include the most important, generalizing and long-term social indicators: monetary incomes of the population; the most widespread types of benefits and payments to the population; the range of free and public services in the field of education, health care, culture of social services; norms and standards for providing the population with them; norms and standards of material, personnel, technical and financial support of state and municipal institutions of the social sphere.

Since at present there is no corresponding legal basis for the establishment and application of state minimum social standards, in practice only certain elements of regulation are used.

Social finance is managed both at the level of government bodies and at the level of the institution. The main task of the governing body is to ensure the functioning of the social sphere in accordance with the goal determined by the laws of the republic, state and regional development programs.

The normal functioning of social services cannot be ensured without the formation of their market, without the design of new types of institutions, and the organization of independent control. New functions include marketing - researching the market for supply and demand of social services, organizing the promotion of best work experience and the possibility of providing paid services to the population.

Analysis of the current state of social systems shows that they are in the zone of administrative (managerial) influence, leading not only to diversity, but also to streamlining their activities. This is confirmed by the trend towards legal regulation and the separation of financial powers at the level: governing body - institution.

The priority is the procedure for delegating duties, rights and responsibilities. This process is considered as an economic method of management actions of the governing body. Delegation of responsibilities is closely related to the management of financial resources, which occurs in the management process. At the same time, for the execution of orders, it is necessary to create certain conditions by expanding the rights of heads of institutions to use the allocated funds. It is planned to systematically apply incentives for diversifying funding sources and making more efficient use of available resources. Rights are closely related to power, the content side of which are regulations, property, information, the ability to regulate financial flows.

Economic relations in the social sphere are regulated by both state documents and industry-specific instructional and methodological materials. Their list is so extensive, and the content is so contradictory that without knowledge of the general principles of budget financing, it is extremely difficult for the heads of state and local institutions to navigate the current regulatory framework.

It should also be noted that documents on financial and economic issues are constantly changing: tax legislation is changing intensively; the remuneration system is being improved; the process of establishing the financial independence of institutions is developing; the rules of control over the targeted use of funds are being tightened. All this complicates the solution of strategic and daily tasks, negatively affects the financial relationship of the institution with the founder and other economic partners.

The main documents governing the responsibility and rights of the founder and the institution are the agreement on the relationship between them and the charter of the institution. They establish a list of expenses of the institution and indicate the conditions under which these expenses may be incurred.

Thus, the tasks of managing the finances of the social sphere are implemented primarily through the budgetary policy of the state. The main problem of budgetary policy and state regulation is the rationalization of the budget structure and legal regulation of the very process of its preparation and execution. Priority issues include: full transparency and accountability of budget expenditures; reducing the number of budget recipients; reduction of economically and socially ineffective subsidies; strengthening the responsibility for budget execution to the recipients of funds; the reliability of the reported data; regulation of relations between the budget and non-state firms. Of particular importance is the transfer to full or partial self-financing of the social sphere.

15.3. Planning budget expenditures for social purposes

The effectiveness of economic methods for managing social processes is directly dependent on the amount of funding for social sectors, correlated with the tasks assigned to these sectors. Because of this, three components are taken into account in budget planning:

-political targets;

-social and financial indicators, norms and standards;

-real technical and economic parameters of the work of social services.

The objectives of budget planning in this case are: ensuring the balanced functioning of various spheres of life; increasing reasonable maneuvering of financial resources.

Let's dwell on social and financial indicators. First, we will talk about planning the costs of maintaining institutions and carrying out activities in the field of education, culture, health care and social services for the population, since these sectors are united by a single methodology for generating costs both at the level of the corresponding budget and at the level of the institution (event).

Let's start with sectoral legal provisions that enshrine rather broad obligations on the part of the state, ensuring the possibility of stable development of the social sphere.

Education is one of the basic and inalienable constitutional rights of citizens of the Republic of Tajikistan. The foundations for regulating the principles of state policy in the field of education are formulated in the state laws "On Education" and "On Higher and Postgraduate Professional Education". In them, education is understood as a purposeful process of upbringing and training in the interests of a person, society, state, accompanied by a statement by a citizen (student) of educational levels (educational qualifications) established by the state, which are certified by an appropriate document.

Citizens of the Republic of Tajikistan are guaranteed the opportunity to receive education without any conditions and restrictions, regardless of gender, race, nationality, language, origin, place of residence, health status, etc. The state guarantees to citizens the accessibility and free of charge of primary general, basic general, secondary (complete) general education and primary vocational education, as well as, on a competitive basis, free secondary, higher and postgraduate vocational education in state and municipal educational institutions within the limits of state educational standards, if education a citizen receives this level for the first time.

The implementation of state guarantees of the rights of citizens to education is ensured through the creation of an education system and appropriate conditions for education. At present, the concept of the education system is interpreted as a set of factors that ensure the implementation of social functions.

The state guarantees the annual allocation of budgetary funds for education in the amount of at least 10% of the national income, as well as the protection of the corresponding expenditures of the republican budget and local budgets. The share of expenditures on financing higher professional education cannot be less than 3% of the expenditure side of the republican budget. The law provides for uniform principles for the formation of budgetary funds for education throughout the territory of the Republic of Tajikistan on the basis of state economic standards per student contingent, which must be approved annually by the republican law simultaneously with the budget law. Provided for quarterly indexation of the allocated funds in accordance with the inflation rate.

Culture. The legal basis for the preservation and development of domestic culture is the Law of the Republic of Tajikistan "On Culture" (1997, March 13) Concept for the Development of Culture of the Republic of Tajikistan dated December 30, 2005, No. 501, Program for the Development of Culture of the Republic of Tajikistan for 2008-2015 dated March 3, 2007, No. 85 in which the inextricable link between the creation of cultural values ​​and the introduction of citizens to them for solving economic problems is noted. The current legislation in the field of culture provides that the state undertakes the following obligations to ensure accessibility for citizens of cultural activities, cultural values ​​and benefits:

• carry out budgetary financing of state and, if necessary, non-state cultural organizations;

• stimulate the development of culture through the provision of tax incentives to enterprises, individuals who invest their funds in solving these problems;

• establish a special procedure for taxation of non-profit cultural organizations;

• promote the development of charity in the field of culture;

• to exercise their patronage in relation to low-income citizens.

 Fulfilling a set of tasks for the ideological and social services of the population, culture, like education, is one of the main contenders for state budget funds. The legislation states that at least 2% of the republican budget and 6% of territorial budgets should be allocated to culture annually. The need for regular clarification of the amount of funding is provided to reimburse additional costs due to inflationary processes.

Healthcare. The success of the reforms in the field of public health protection is directly dependent on their legislative support. The Law of the Republic of Tajikistan "On the protection of public health" states that the state guarantees the protection of the health of every person. At the same time, the basic principles of health protection, such as the availability of medical and social assistance and social protection of citizens in the event of loss of health, indicate that initially complete free health care is not guaranteed, but only a certain minimum amount of free medical services is guaranteed.

The main types of medical services available and paid for from the budget for each citizen are: treatment of the most common diseases, as well as injuries, poisoning and other emergency conditions; carrying out sanitary and hygienic and anti-epidemic measures; medical prevention of major diseases; sanitary and hygienic education; measures to protect family, motherhood, fatherhood and childhood; other activities. The second significant document in the field of health care is the Law of the Republic of Tajikistan dated June 18, 2008 No. 408 "On health insurance in the Republic of Tajikistan."

The creation and development of a system of compulsory and voluntary health insurance makes it possible to attract government bodies, employers and citizens to pay for medical services. Sources of insurance for compulsory health insurance are: for the working population - employers' funds; for the non-working population and public sector employees - the corresponding budget. As a result of the change in the structure of expenditures on health care of the population (restructuring of expenditures), three systems of organizing health care financing have been formed in the republic, two of which are state (municipal): the state budgetary health care system; the state system of compulsory health insurance; non-state (private) medicine.

For the accumulation and controlled use of financial resources (except for budgetary ones), state and regional compulsory health insurance funds have been created. Unlike education and culture, the legislation does not establish the share of budget funds allocated to health care. For the implementation of medical services, medical and preventive institutions of various organizational and legal forms are being created. The amount of budgetary allocations intended for institutions of the State Health System of the republican, Gorno-Badakhshan Autonomous Oblast, regional, city and district levels is determined, respectively, by the Majlisi Namoyandagoni Majlisi Oli of the Republic of Tajikistan and local majlises of people's deputies when approving the republican and local budgets.

Social services for the population is an activity to provide citizens in need of various types of social services at home and in social institutions for free or on preferential terms.

Social services are care, catering, assistance in obtaining medical, legal, socio-psychological and natural types of assistance, assistance in vocational training, employment, organization of leisure, assistance in organizing funeral services and others.

The system of social services for the population includes both a network of stationary institutions for day and round-the-clock stay, including boarding houses for the elderly and disabled, shelters, rehabilitation centers, social hotels, etc., as well as direct social payments to low-income citizens and youth.

The legislative aspects of the nationwide social strategy are enshrined in more than 200 legal acts, of which 95% are aimed at providing benefits to certain categories of the population. The implementation of these documents is entrusted to dozens of structures and is of a distributive nature. For example, the state law "On social protection of disabled people in the Republic of Tajikistan" regulates the procedure for budget financing not only of state institutions of social services, but also non-state ones.

The non-state sector of social services includes public associations, including professional associations, charitable and religious organizations, whose activities are related to social services for the elderly and disabled. These organizations, in accordance with the established procedure, can also be allocated budgetary funds to partially cover the costs.

The costs of social assistance to citizens include the costs of implementing targeted social programs. By implementing such programs, the problems of redistributing resources in favor of certain categories of citizens are solved. Part of the costs, such as free meals for schoolchildren during school hours; provision of medicines on a free or preferential basis for outpatient treatment to certain categories of patients; payment of regional supplements to employees with income below the subsistence level; the issuance of funds to large families for the purchase of clothing to attend school; the maintenance of orphans and children left without parental care is included in education and health care expenditures, which does not allow to fully track the effectiveness of social assistance due to the lack of a unified cost accounting system.

The implementation of state guarantees is carried out by institutions specially created for these purposes. In accordance with the legislation, an institution is an organization created by the owner to carry out managerial, socio-cultural or other functions of a non-profit nature and financed by him in whole or in part. The owner (founder) of state and municipal institutions is the state represented by republican, regional and local governments, therefore, state or local funding serves as the basis of state guarantees for a citizen to receive social services within the standards.

The need for budgetary financing of the social sphere is due to the properties of social services as a public good, their role in the socio-economic development of the country. However, the amounts of the budgetary allocation cannot be determined on a demand basis. The process of state regulation is also the establishment of state orders subject to budgetary support, social standards, expressed both in natural and in monetary terms. For example, the legislation determines that for the education system, the state order must include such parameters as the contingent of students, the state educational standard, and the budgetary funding standard.

Based on the adopted classification of budget expenditures, the allocated funds are distributed according to sections, subsections, targeted and economic items. All expenses on education, depending on the economic content, are divided into current and capital. Operating expenses are grouped into two groups: purchases of goods and payments for services, subsidies and current transfers.

## The first group includes labor costs; charges on it; purchase of supplies and consumables (stationery, household, soft inventory and uniforms, food, other materials); business trips and business trips; payment for transport services; payment of utilities with the allocation of costs for electricity, heat, gas, water supply, and other services.

## Of the second group of expenditures, the most significant transfers to the population are scholarships for students, cash in exchange for food, compensation payments to teachers for the purchase of book publishing products, benefits for foster children, etc. Capital expenditures include capital investments in fixed assets: purchase of equipment and durable goods, new construction, major repairs. The specification of budget expenditures by economic items is associated with the need to strengthen control on the part of financing and administrative bodies over their intended use. This corresponds to the principle of item-by-item allocation of budgetary funds for a specific institution based on an estimate and financial justification or cost estimate. Determination of the volume of budget allocations and the distribution of various in nature expenditures by economic items is carried out by the state governing body within the limits of the funds allocated for the budget for the calendar financial year.

## Before proceeding to consider the issues of estimated planning of expenses for the maintenance of institutions at the present time, let us turn to the previous procedure for financial support of their activities. In the 70s and 80s of the XX century, budget funds were also allocated on the basis of estimates compiled taking into account cash and in-kind expenditure rates by type of cost.

## The budgetary order contributed to the sustainability of the functioning of institutions, but did not stimulate the rational use of resources. With strict regulation of financial and economic activities, institutions were not interested in refusing to finance ineffective measures; executives were rewarded for fulfilling “plans,” not for saving money or seeking additional funding. Subsequent stages of economic policy in the late 1980s envisaged the creation of mechanisms for economic incentives for the efficient use of funds through incentive funds and a system of wage increments.

## The financial and economic rights of the heads of institutions were expanded, the introduction of the so-called “new economic mechanism” into the budgetary sphere, under which a high degree of independence of institutions was assumed, became more active. It was allowed to use all financial sources, including budgetary ones, at their own discretion. The funds were credited to a unified fund of financial resources and, according to the established percentage standard, were distributed among the funds: a unified wage fund, material and equivalent costs, a fund for production and social development. In the case of savings in economic costs, funds could be used to provide material incentives for employees.

## With the introduction of the new budget classification, the situation has changed significantly. Currently, institutions are not entitled to use budget funds at their own discretion due to targeted financing of expenses. Once again, the estimated allocation of appropriations was recognized as fundamental.

## First of all, the founder establishes production performance indicators for each institution (tasks, target figures, government orders), taking into account which the cost estimate is formed. For example, for preschool institutions, production indicators are the number of pupils and groups, for schools - the number of students and classes, for vocational education institutions - the admission of students (students) to free education, for hospitals - the number of beds, for polyclinics - visits, etc.

## When financial planning takes into account not only indicators at the beginning and end of the financial year, but also the average annual, which depend on the timing of recruitment (admission), graduation, dropout in the training process, the timing of the entry (closure) of beds, etc. The calculation of average annual values ​​can be made by summing up the indicators for each 1st day of the month and dividing the amount received by 12. So, based on the average annual number of staff units and the established wage rates in accordance with the Unified Tariff Schedule (ETC) for wages of public sector workers determines the costs of wages of employees of any budgetary institution.

## In turn, the number of employees (for example, schools) depends on the number of classes and the established norm of teaching hours per week, instructed by the teacher (20 or 18). For each class, the standard for teaching hours is set. The number of classes is determined taking into account the occupancy rate - 25 people (for city schools). An example of natural norms can be a list of clothes and footwear given to orphans, norms of food consumption per day per one day..

The methodology for calculating costs for other items of expenditure is practically the same for all types of institutions. A significant place in the costs of maintaining institutions is occupied by utility bills: heating, lighting, water supply, etc. The estimated amount of funds depends on the volume and area of ​​the premises, on the conditions for providing heat and energy resources. In urban institutions, as a rule, public services of institutions are carried out under contracts with specialized organizations. For institutions located in rural areas that have their own stove or steam heating, the calculation is more complicated. Costs are calculated according to fuel consumption rates, current fuel prices and the duration of the heating season are taken into account. As a rule, the estimated amount of funds for other and utility costs is determined based on the actual consumption for a number of previous years or on the basis of the resource consumption limit in physical terms (cubic meter of water, g / cal). In recent years, due to the underfunding of utility costs, institutions have arisen with payables to service providers. These amounts should also be taken into account when planning expenses for the next financial year.

The cost of purchasing soft inventory is more typical of inpatient institutions - hospitals, homes for the elderly and disabled, orphanages, boarding schools, etc. The planned funds depend on the availability of bedding, clothes and shoes, the need for them, the price of products. The costs of equipping institutions with educational, medical, household and technological equipment and inventory are planned in a similar way.

According to the budget classification, the item “Purchase of non-production equipment and durable goods for government agencies” includes the cost of purchasing all types of fixed assets that serve more than one year. Costs under the item "Overhaul of social, cultural and household facilities" are planned by the founder under the targeted repair program. When allocating funds, priority is determined, the technical condition of buildings and structures is taken into account, design and estimate documentation is drawn up.

The amount of budget financing is drawn up in a special document - the cost estimate. The estimate indicates the name and address of the institution, the codes of the budget classification (the section and the target item for which the institution is financed), a set of approved funds for each economic item with a quarterly distribution is provided. The quarterly breakdown takes into account the specified amounts of funding, based on the expected receipt of budget revenues.

15.4. Financing of social sectors

The problem of financial support of the state's obligations to the population of the country and to budget recipients for the implementation of economic and social programs is now becoming especially important. It is no coincidence that the Budget Legislation of the Republic of Tajikistan legislates the adaptation of the budgetary system to new economic conditions and reveals the legal regime of the process of execution of the expenditure side of the budget of any level with particular care, defines the functional types of expenditures that can be financed from one or another budget.

The funds of the republican budget are primarily directed to finance those functions without which the state cannot exist, as well as to equalize the financial potential of the regions of the Republic of Tajikistan. By mutual agreement between the republican and territorial authorities, certain types of expenditures can be transferred from one level of the budget system to another.

The peculiarity of the structure of territorial and local budgets lies in the fact that the largest share in their expenditures is the financing of social sectors: with the help of these budgets, issues of local importance are mainly resolved. For example, about 90% of healthcare spending and 80% of education is currently financed by the regions. In cases where funding for institutions or activities comes from budgets of different levels, the term “multi-tier funding” is used.

The term “multichannel financing” used means that sources of financial resources are not only budget allocations, but also a wide range of extra-budgetary funds.

The financing process means the real transfer of funds to the account of the budget recipient or the real payment of expenses by the treasury body on behalf of the institution.

Currently, there are several ways to finance institutions. One is that the financial authorities transfer funds to the accounts of a government agency called the chief loan officer. Further, the governing body decides on how to use them more efficiently, on what principle to distribute between institutions, to which institution and how much to transfer, how to control the targeted use of funds.

This problem is partially solved by opening separate bank accounts intended only for financing funds for labor remuneration and charges for it. In this case, the distribution of funds is made based on the proportion of financing in relation to the amount approved for the given period. A variation of the first method is the option in which the governing body itself carries out all payments for the institution through the centralized accounting department, if the institution does not have an independent bank account. This funding scheme allows for more careful control over the financial activities of the institution and helps to prevent unnecessary costs.

The responsibility of the centralized accounting department under the governing body - the main manager of loans - is to record the financial transactions entrusted to it by the institution. The manager independently makes a choice whether to create an accounting service for him as a structural unit or transfer accounting to a specialized organization on a contractual basis. At the same time, the status of an independent subject of financial and economic activity is preserved.

Since the state is the main holder and manager of public consumption funds, it determines the procedure for the movement and use of budget funds. The new mechanism for financial support of public expenditures, including spending on the social sphere, includes the process of managing budgetary resources through the treasury bodies.

The treasury bodies are everywhere entrusted with the functions of managing budget accounts and budget funds, making payments from budget funds on behalf of and on behalf of budgetary institutions. The latter means that the Treasury bodies will take on the role of payer of budget expenditures for all budget recipients, whose accounts will not receive budget funds (except for funds for wages and transfers).

Of course, the transition to the treasury system of paying budget expenditures with the opening of personal accounts for each budget recipient is economically feasible. This system is progressive in nature and can yield positive results in terms of: maneuvering public financial resources; obtaining operational information on cash expenditures and transfer of funds to their destination; control over financial transactions of institutions. The rules for financing institutions that are on the republican budget provide for only treasury schemes of financial flows. With regard to regional and local budgets, only a few elements of treasury financing fit into the budgetary process.

For example, already now, in a number of territories, funding limits are being established, and according to the accepted budget applications, the Treasury directly transfers budget funds to the bank accounts of budget recipients, bypassing the intermediate link - the main manager of budget funds, and while solving two tasks: reducing the time for the passage of funds and strengthening control over targeted financing of costs.

As already noted, the funding of institutions is carried out according to the so-called limits. In other terminology, this is called "in line with the cash financing plan", which is often not met due to a lack of revenue.

Funding limits represent the amount of budgetary obligations determined and approved for the manager and recipient of budgetary funds by the body executing the budget for a period not exceeding three months. Currently, the limits of budgetary commitments are set monthly based on budgetary possibilities.

Determining and approving limits, or cash planning, is the process of assessing the receipt of income sources and spending of funds over the coming budget period. First of all, the need to fully cover the costs of “protected” budget items is taken into account. Within the limits, budget recipients have the right to assume monetary obligations to make expenses and payments. The body executing the budget has the right to unilaterally reduce the limits in the event of budget sequestration or to postpone the provision of limits for a period of three months, but not more than 10% of the amount of the quarter in which the deferral is made.

Thus, the financing of the social sphere is a set of measures aimed both at improving the basic activities of institutions and at the efficient use of financial resources. At the expense of budgetary funding, the implementation of state social guarantees is ensured.

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer questions for self-control.

3. Complete the proposed tasks.

4. Prepare abstracts on topics:

- "Problems of society in the branches of the social sphere";

- "Programs of social support for the population in the Republic of Tajikistan".

5. Answer the test questions.

6. Create an additional glossary on the topic.

Questions for self-control:

1. What are the main tasks of state social policy at the present stage.

2. What sources are used to finance social spending?

3. What are social services for the population?

4. Name the sources of funding for social institutions.

5. What social obligations does the state guarantee through budget financing?

6. What expenditures of budget funds are recognized as non-earmarked?

Tasks:

1. What tasks need to be solved when developing a strategy for managing the social sphere without sufficient financial resources?

2. What are the standards that should be applied in the formation of social spending.

3. What are social services?

4. What are the main economic articles of the classification of expenditures of social institutions.

5. Name the most important legislative acts of the Republic of Tajikistan that regulate social activities, assess their number as sufficient, insufficient, excessive. Justify your choice.

Test

1. Activities of public authorities and state institutions in the field of public relations:

A) monetary policy; B) monetary policy; C) social policy; D) financial policy; E) budgetary policy.

2. The objects of social policy are:

A) taxes; B) finance; C) money; D) banks; E) population.

3. Summary indicator of quality of life:

A) the state of the environment; B) mortality; C) morbidity; D) educational level; E) all answers are correct.

4. Indicator of the minimum volume and structure of consumption of material goods or services necessary to maintain health and maintain human life:

A) non-tax payments; B) financial incentives; C) operating costs; D) living wage; E) budgetary allocations.

5. Revenues received by budgetary institutions in excess of the appropriations allocated from the budget:

A) off-budget funds; B) tax revenues; C) bank loans; D) trust funds; E) fines.

6. Measures to provide citizens in need with various types of social services at home and in social institutions for free or on preferential terms:

A) social services to the population; B) strategic program; C) provision of benefits; D) insurance services to the population; E) economic management.

7. Impact on society as a whole and on its individual links (economy, socio-political and spiritual life) in order to preserve their qualitative specificity, normal functioning and development, successful movement of the system towards the set goal:

A) financial management; B) price management; C) credit management; D) currency board; E) social management.

8. The amounts of budgetary obligations determined and approved for the manager and recipient of budgetary funds by the body executing the budget for a period not exceeding three months:

A) tax regulation; B) budgetary regulation; C) state credit regulation; D) monetary and financial regulation; E) funding limits.

9.Care, nutrition, assistance in obtaining medical, legal, socio-psychological and natural assistance, assistance in training, employment:

A) material motivation; B) social services; C) economic support; D) psychological assistance; E) budget financing.

10. The private sector of social services includes:

A) public associations; B) charitable organizations; C) professional associations; D) religious organizations; E) all answers are correct.

**Topic 16. Financial control in the public finance management system of the Republic of Tajikistan**

**16.1 Content and importance of state financial control.**

**16.2. State Financial Control Authority in the Republic of Tajikistan.**

**16.3 Organization and planning of financial control activities.**

**16.4. Accounts Chamber of the Republic of Tajikistan.**

**16.5. Content of the audit activity of the Accounts Chamber.**

**16.6. Non-state financial control.**

**16.1. Content and significance of state financial control**

**State financial control** - is aimed at ensuring the organization of audits and inspections for the receipt and effective use of the state budget, state funds, loans attracted by the Government of the Republic of Tajikistan and under its guarantee, grants, humanitarian aid and state property in the context of the development of market relations and the formation of the private sector.

The tasks of state financial control are:

- organization and implementation of audits over the execution of the revenue and expenditure parts of the republican and local budgets, state funds in terms of volume, structure and purpose, as well as the efficiency of spending state funds and using state property;

-analysis of the validity of income and expenditure items of the draft state budget and state funds;

-control over the untimely and full financing of state investment and social programs, the targeted use of funds allocated from the republican budget to eliminate the consequences of natural disasters, as well as the distribution of humanitarian and technical assistance received by the Government of the Republic of Tajikistan;

-control over the receipt, use and storage of the state fund of precious metals and precious stones, which are an integral part of the gold and foreign exchange reserves of the state;

- audit and verification of the legality and timeliness of the movement of state budget funds and state funds in state banks and other financial institutions;

-control over the targeted use of credit resources and foreign investments attracted by the Government of the Republic of Tajikistan, as well as by the National Bank of the Republic of Tajikistan in agreement with the Government of the Republic of Tajikistan;

-analysis of the revealed deviations from the approved indicators of the state budget and state funds and preparation of proposals aimed at their elimination;

-check and analysis of the activities of bodies performing the functions of intradepartmental financial control;

-control over the financial and economic activities of state economic entities, as well as ensuring the safety of state funds and state property;

- submission to the President of the Republic of Tajikistan of information and conclusions on the results of analytical and control activities and on the execution of the state budget for the past year, as well as a generalized annual report on the results of audits and inspections carried out in the Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan.

State financial control is based on the principles:

-legality;

-objectivity;

-independence;

- publicity.

 State financial control is based on the standards of control and auditing work used in international practice. In the process of implementing tasks, in accordance with the regulatory legal acts of the Republic of Tajikistan, control and auditing, analytical, informational and other types of activities are carried out, a unified system of state financial control over financial - economic activities of state economic entities, the formation and execution of the state budget, the use of state property, which provides for:

- carrying out comprehensive audits and thematic audits on the execution of the republican and local budgets, state funds, including for the maintenance of state authorities and administration of the Republic of Tajikistan, for servicing the internal and external debt of the Republic of Tajikistan, the use of external assistance received by the Government of the Republic of Tajikistan or under it guarantee, financing of state organizations and institutions operating abroad, as well as for the use and safety of state property;

- organization of comprehensive audits and thematic audits of the financial and economic activities of state economic entities;

- carrying out thematic inspections on the reception, use and storage of the state fund of precious metals and precious stones that make up a part of the gold and foreign exchange reserves of the state;

-implementation of inspections of service by the National Bank of Tajikistan, state and commercial banks of funds of the republican and local budgets;

-conducting inspections of servicing the state debt of the Republic of Tajikistan by the National Bank of Tajikistan;

- preparation and submission to the President of the Republic of Tajikistan of quarterly information on the results of control activities and measures taken to ensure control.

Financial control methods

There are the following control methods:

1) documentary and office checks;

2) surveys;

3) supervision;

4) analysis of the financial condition;

5) observation (monitoring);

6) revisions.

When conducting inspections of accounting documents and expense documents, certain issues of financial activities are considered and measures are planned to eliminate the identified violations.

The survey covers a wider range of financial and economic indicators of the investigated economic entity to determine its financial condition and possible development prospects.

Supervisory authorities supervise economic entities that have received a license for one or another type of financial activity. It assumes compliance with the established rules and regulations.

Financial analysis as a type of financial control involves a detailed study of financial and accounting statements (periodic or annual) for a general assessment of the results of financial activities, the provision of equity capital and the effectiveness of its use.

Supervision (monitoring) - constant control on the part of the lender over the use of the issued loan and the financial condition of the client. Ineffective use of the loan received and a decrease in liquidity can lead to tightening of credit conditions or the requirement of early repayment of the loan.

Auditing is the deepest and most comprehensive method of financial control. Its essence lies in a complete examination of the financial and economic activity of an economic entity in order to verify its legality, correctness, expediency, efficiency. Types of audits: full and partial, complex and thematic, planned and unscheduled.

16.2. State financial control body in the Republic of Tajikistan

For the purpose of state financial control, the President of the Republic of Tajikistan creates a state financial control body, which is the main body of state financial control in the Republic of Tajikistan and is accountable to the President of the Republic of Tajikistan.

The Agency for State Financial Control and Combating Corruption of the Republic of Tajikistan, being an authorized body of state financial control and a law enforcement body, exercises state financial control over the effective use of public funds and state property to ensure the economic security of the state by preventing, preventing, detecting, suppressing corruption offenses, disclosing , inquiry and preliminary investigation of corruption crimes, economic crimes of a corruption nature and crimes related to taxes, as well as other tasks stipulated by the regulatory legal acts of the Republic of Tajikistan.

The position, structure, number and salary fund of the Control Body are approved by the President of the Republic of Tajikistan.

When considering materials based on the results of checks and audits at meetings of the Control Body, reports and explanations of heads and officials of ministries, departments and other state organizations and institutions are heard.

All republican and local bodies of state power and administration of the Republic of Tajikistan, the National Bank of Tajikistan, state-owned enterprises, institutions and organizations, as well as other individuals and legal entities are obliged, upon request of the Control Body, to provide the necessary information on the inspection and audit being carried out.

Banks of all levels are obliged to provide the Control Body with the necessary information on the movement of public funds through customer accounts, regardless of their form of ownership.

When conducting audits and inspections, the Control Body receives information and copies of documents from the audited enterprises, institutions, organizations and banks. All individuals and legal entities are required to submit the necessary documentary evidence of the transactions performed, certificates and copies of documents on these transactions and settlements.

Refusal or evasion of officials and individuals of the above bodies, enterprises, institutions and organizations from the timely submission of the necessary information or documentation, as well as the submission of deliberately false information entails liability in accordance with the current legislation of the Republic of Tajikistan.

To fulfill the functions assigned to it, the Control Body has the right to conduct audits and inspections, as well as to carry out inspections of the effectiveness of the use of public funds and property in all state bodies, organizations, institutions and state enterprises of the Republic of Tajikistan.

Control powers are also exercised in relation to local government bodies.

Thematic inspections of other economic entities, regardless of their forms of ownership, in terms of receiving, transferring and using state budget funds, executing state orders and using state property, are carried out in cases where these inspections are caused by the need to conduct a counter audit on a specific fact.

Hindering the activities of the employees of the Control Body within the powers granted to them, exerting pressure in order to make a decision in favor of one or another party, violent actions, as well as defamation or dissemination of distorted information about the performance of their official duties entail responsibility in accordance with the legislation of the Republic of Tajikistan.

In order to compensate for the damage caused to the state, revealed during the audit and inspection of the audited object, the employees of the Control Body have the right through third parties (financial authority, bank or other financial institution) to send a notification (order) obliging the enterprise, institution and organization to carry out a direct payment to the appropriate budget of the amount due no later than 30 days from the date of receipt of the notification.

The heads of the inspected objects are obliged to create the necessary conditions for the work of inspectors who carry out an audit or inspection, provide them with premises, communication facilities, and ensure the performance of office work.

The employees of the Control Body are liable in accordance with the legislation of the Republic of Tajikistan for violation of the established procedure for conducting audits and inspections, disclosing the results of their audits and inspections, as well as state, banking or other secrets protected by law that have become known to them in the course of their activities, as well as for abuse of office. The specified responsibility can be applied to employees also after the termination of their civil service.

Complaints and statements about illegal actions of the employees of the Control Body are accepted and considered in accordance with the current legislation of the Republic of Tajikistan.

16.3 Organization and planning of control activities

Control activities are based on two-year plans for comprehensive audits and annual plans for thematic audits, which are formed on the basis of the need to ensure comprehensive systemic control over the use of public funds and state property, taking into account all areas of control activities.

Planning is carried out on the basis of technical and economic standards, control and audit standards, methodological guidelines. The plan of audits and thematic audits is approved by the President of the Republic of Tajikistan.

Unscheduled control measures are carried out at the direction of the President of the Republic of Tajikistan or at the request of law enforcement agencies on initiated criminal cases on the basis of an order from the leadership of the Control Body.

Thematic inspection of individual entrepreneurs and non-state legal entities for the receipt, transfer or use of state funds, state funds, loans attracted by the Government of the Republic of Tajikistan or under its guarantee is carried out by state financial control bodies in accordance with the requirements of the Law of the Republic of Tajikistan "On inspections of the activities of economic entities in Republic of Tajikistan ”only for these funds.

Comprehensive audits and thematic audits in accordance with the approved plans are carried out at the location of the inspected objects.

Based on the results of the audits and inspections carried out, an act is drawn up, which reflects the basis, purpose, subject, object of inspection, a list of missing or non-submitted documents, information on identified shortages, damage and losses, as well as recommendations for taking measures to eliminate the identified deficiencies.

The manager of the inspected object within three days is obliged to familiarize himself with the audit or inspection act and sign it. If the responsible official disagrees with the facts established by the audit or check, the act is signed indicating the presence of comments or objections. If the official refuses to read or sign the act, the inspector must, with the participation of witnesses, make an appropriate entry in the act, indicating the date and circumstances of the refusal.

When conducting audits and inspections, the inspectors should not interfere with the operational and economic activities of the inspected object, and also make their findings public until the completion of the audit (check) and formalizing its results in the form of an act (conclusion).

The information received by the auditors and persons involved in the course of audits and inspections cannot be used for personal purposes.

In the process of executing the state budget, an audit and analysis of the activities of tax, customs, treasury, financial, banking and other government bodies is carried out to ensure the completeness and timeliness of collection of tax and non-tax revenues to the budget, as well as control over the actual spending of budget funds. In comparison with the approved indicators of the state budget, they are analyzed, when violations are detected, proposals are made to eliminate them. The formation and effective use of state funds is also monitored.

Control over the state of the state internal and external debt is carried out:

- management and maintenance of the state internal and external debt of the Republic of Tajikistan;

- the legality, rationality and efficiency of the use of foreign loans, grants, humanitarian and technical assistance received by the Government of the Republic of Tajikistan, as well as loans received by business entities under a state guarantee;

- the provision of state loans, guarantees, as well as the provision of state funds on a gratuitous basis to foreign states and organizations.

Control over the spending of funds of state organizations, representative offices and institutions operating abroad and financed from the state budget is carried out in terms of volume, structure, purpose and expediency of their spending.

The activity of government bodies and state economic entities on the targeted use of funds provided for investment in the economy, including the creation and development of enterprises of non-state forms of ownership, is monitored.

An audit of revenues to the state budget and the targeted use of funds received are carried out:

-from the disposal and management of state property (including its privatization, sale and lease), as well as income from dividends of state investments;

-from the use of natural resources.

Control is exercised over the activities of state and commercial banks in terms of servicing state budget funds, state funds and state loans of the Republic of Tajikistan.

Based on the results of the control measures carried out and consideration of the materials of audits and inspections, the state authorities and management of the Republic of Tajikistan and the heads of the inspected enterprises, institutions and organizations are sent instructions for taking measures to eliminate the violations identified, compensate for the damage caused to the state and bring the perpetrators to disciplinary and material liability.

In cases of revealing during the inspection or audit of the theft of state money or material resources, as well as other signs of crimes and abuse, within 5 days after their consideration, the materials of the inspection or audit are transferred to the prosecutor's office for further consideration and decision-making on them.

Written control submissions and instructions must be reviewed within the time frame specified in them or, if the time frame is not specified, within 20 days from the date of their receipt. Organizations and institutions that have received written instructions are obliged to inform about the measures taken to eliminate the deficiencies indicated in them.

In the event of non-fulfillment or improper fulfillment of control submissions and instructions, information about this, in accordance with the procedure established by law, is transferred to the prosecution authorities of the Republic of Tajikistan for taking appropriate measures.

The revocation, amendment and cancellation of submissions and orders is carried out by the management of the Control Body.

16.4. Accounts Chamber of the Republic of Tajikistan

The Accounts Chamber of the Republic of Tajikistan is the supreme financial control body of the Republic of Tajikistan that conducts an independent external audit to assess the execution of the state budget and prepares proposals for its improvement.

The powers of the Accounts Chamber to conduct an independent external audit extend to all branches of government of the Republic of Tajikistan. The Accounts Chamber does not have executive, legislative, or law enforcement powers, but is subject to the Constitution of the Republic of Tajikistan and other legislative acts of the Republic of Tajikistan.

 The Accounts Chamber is not called upon to assess the advantages and disadvantages of the policy of the Government of the Republic of Tajikistan in the field of public finance and the use of state property. The Accounts Chamber has the right to assess the implementation of this policy and present its conclusions based on the results of this assessment.

The Accounts Chamber is a legal entity, has a seal depicting the State Emblem of the Republic of Tajikistan with its name and its own symbols. The permanent seat of the Accounts Chamber is the city of Dushanbe.

 The Accounts Chamber operates in accordance with the following principles:

- legality;

- independence;

- objectivity, reliability and honesty;

- publicity to the extent that it does not contradict the requirements of the legislation of the Republic of Tajikistan;

- compliance with professional standards;

- observance of the principle of collegiality.

The main objectives of the audit conducted by the Accounts Chamber are the following:

- assessment of the reliability of financial management systems, as well as the reliability of financial statements prepared by the relevant structure (financial audit);

- assessment of the achievement of the tasks assigned to the organization or any of its divisions (performance audit);

-evaluation of the parsimony and feasibility of using the budgetary funds allocated by the relevant structure (performance audit).

Tasks of the Accounts Chamber

The Accounts Chamber in the prescribed manner submits an opinion on the draft state budget and its implementation.

The Accounts Chamber conducts inspections in order to provide objective information to the President of the Republic of Tajikistan and the Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan to assist in monitoring the use by the Government of the Republic of Tajikistan of received and spent funds of the state budget and proper management of state resources.

The following structures and activities are subject to the audit conducted by the Accounts Chamber:

-all bodies financed from the state budget, including structures that are on partial or full cost accounting;

-all organizations where the share of the state's capital is controlling;

-National Bank of Tajikistan and other state banks of the Republic of Tajikistan;

- extrabudgetary funds and nationwide target programs;

-State Agency for Social Insurance and Pensions;

-organizations of any form of ownership, which are allocated budgetary funds in the form of subsidies (on an irrevocable basis);

-implementation of intergovernmental agreements with financial and other economic implications;

-privatization of state property, including the execution by the new owners of the privatization agreement with the state;

-management and use of natural resources of the Republic of Tajikistan, including the implementation of production sharing agreements;

-use of services and maintenance by the Government of the Republic of Tajikistan of funds of state loans and reserves in foreign currency;

- receipt of funds from external sources of financing into the state budget and their intended use.

In order to protect operational independence, the Accounts Chamber:

- selects objects for inspections and conducts an audit, independently of other state structures and of the officials heading such structures;

- independently determines the subject, methods and terms of inspections, as well as the form for presenting the relevant conclusions;

- if the executive or legislative authorities apply to the Accounts Chamber with a request for an unscheduled audit, it makes a decision on the satisfaction of this request in each specific case. If the request is rejected, it sends a written justification to the requesting authority.

Employees of other state control bodies do not have the right to carry out control measures in the premises of the Accounts Chamber without the written permission of its chairman.

 The activities of the Accounts Chamber are subject to funding in accordance with the established procedure at the expense of the State budget of the Republic of Tajikistan and is provided for in a separate line.

The structure of the Accounts Chamber

The Accounts Chamber is composed of a chairman, a deputy chairman and five chief auditors who are members of the Accounts Chamber.

The Board of the Accounts Chamber includes the chairman, deputy chairman and chief auditors of the Accounts Chamber.

The meetings of the board are chaired by the chairman of the Accounting Chamber or his deputy in the absence of the chairman of the Accounting Chamber. In the absence of both the chairman and his deputy, this function is assigned to the senior chief auditor attending this meeting.

Members and employees of the Accounts Chamber are not entitled to occupy another position, to be deputies of representative bodies, members of a party and political organizations, to engage in entrepreneurial activities, with the exception of scientific, creative and pedagogical activities.

The structure of the central office, regulations on it and structural subdivisions of the Accounts Chamber are approved by the Chairman of the Accounts Chamber.

Chief auditors of the Accounts Chamber are appointed to the post of Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan on the proposal of the President of the Republic of Tajikistan for a period of seven years. The chief auditors of the Accounts Chamber cannot hold this position for more than two terms.

The supreme body of the Accounting Chamber is the Board of the Accounting Chamber.

 The Board of the Accounting Chamber adopts the Rules of Procedure of the Accounting Chamber and approves the content of the directions of the branches headed by the chief auditors of the Accounting Chamber.

 The Accounting Chamber Board is convened as necessary by the Chairman of the Accounting Chamber or at the request of one third of the auditors of the Accounting Chamber, but at least once a month. The Board of the Accounting Chamber is competent if at least two thirds of the members of the Accounting Chamber participate in it. a decision is made at its meeting, which is signed by the chairman of the Board. The boards of the Accounting Chamber are held open. In cases stipulated by the legislation: and the Rules of the Accounts Chamber, closed sessions may also be held.

Board of the Accounts Chamber:

- approves the annual work plan, changes and additions to the plan;

-approves the draft cost estimate of the Accounts Chamber;

- makes decisions on satisfying the request for an unscheduled audit;

-approves the audit reports of the Accounting Chamber;

- approves the Rules of Procedure of the Accounts Chamber and instructions on the methodology for conducting audits, and also amends these documents;

- approves the Code of Ethics of the Accounting Chamber;

- hears the reports of the head of the apparatus of the Accounting Chamber;

- approves the annual and interim reports of the Accounts Chamber;

- approves the procedure for selecting external experts;

- makes decisions on other assignments of auditors.

16.5. Content of audit activities of the Accounts Chamber

The purpose of the audits carried out by the Accounts Chamber is to assess:

- compliance of the use of budgetary and other state resources with the legislation of the Republic of Tajikistan on the state budget and other regulatory legal acts of the Republic of Tajikistan;

- economy of acquisition and efficiency of use of state resources to achieve the goals outlined in the state budget, as well as for the effectiveness of spending budget funds.

The Accounts Chamber develops and applies an appropriate methodology to carry out its audit activities, including:

- guidance on conducting audits, including the methodology of the Accounts Chamber in the field of audit;

- audit standards taking into account the best international experience.

 The audit methodology is an integral part of the Accounting Chamber Regulations.

The Accounts Chamber conducts inspections, consisting of the following stages:

-planning of audits;

-performing on-site audit work;

-preparation of audit reports;

- control over the elimination of deficiencies previously identified by auditors.

 The Accounts Chamber develops an audit plan for the next year, which specifies the organizations (or divisions of the organization) and the types of their activities subject to verification. The Accounts Chamber has the right to conduct unscheduled inspections, except for inspections carried out according to the plan.

In determining the topic and type of audit performed using a risk-based approach, the Accounts Chamber takes into account the following criteria:

- the significance of the topic of the audit;

- the degree of risk inherent in these operations;

- the period that has elapsed since the completion of the previous check;

- the amount of budgetary funds allocated to a given organization or for a given program;

- deficiencies in the internal management system identified in the course of previous audits carried out by the Accounts Chamber or other control bodies.

 For each audit, the chief auditors independently or jointly develop a draft audit plan, which is then submitted for approval by the Accounting Chamber Board.

 Each audit plan specifies the specific objective (s) to be achieved during the audit.

If necessary, as part of the audit conducted by the Accounts Chamber, a general analysis of the financial systems and the internal management system of the organization can be carried out. The purpose of this analysis is to establish compliance with the financial reporting standards approved by the Ministry of Finance of the Republic of Tajikistan.

The Accounts Chamber notifies, no later than 5 working days in advance, the management of the audited organization about the upcoming audit, the start date of the audit and its duration,

After receiving the notification, the management of the audited organization takes the necessary measures to provide the employees of the Accounts Chamber with proper working conditions, as well as unlimited access to the responsible employees of the audited organization and the necessary information for the entire period of the audit.

If the chief auditor in charge of the audit believes that advance notice may threaten the achievement of its objectives, advance notice will not be provided. In this case, the chief auditor hands over to the head of the audited organization a letter from the chairman of the Accounts Chamber with a requirement to take immediate measures to start the audit without delay.

The audit is carried out by the staff of the Accounts Chamber, which is led by the chief auditor. The staff have the right of unlimited access to all documents in the possession of the auditee, which, by their definition, are relevant to the objectives of the audit. They may make copies of such documentation.

Employees have the right to ascertain the presence and verification of the storage conditions of material assets of the audited organization, which are at the disposal of the organization, regardless of whether these values ​​are in the premises of the organization itself or in custody of another organization.

Employees have the right to receive from responsible persons all the oral explanations and information they need for business purposes.They may also require employees of the audited organization to provide data in the form of special tables and lists.

Employees have the right to enter the premises of the audited organization at any time for official purposes. If the organization where the Accounts Chamber conducts the audit does not provide the employees of the Accounts Chamber with the requested information or does not allow the employees of the Accounts Chamber to the responsible employees, the chief auditor immediately notifies his management regarding this issue in a written form.

Employees of the Accounts Chamber are prohibited from disclosing any information obtained during the audit. Employees of the Accounts Chamber are obliged to treat all information obtained during the audit as confidential. They are allowed to discuss with the staff of the audited organization only those issues that are directly related to the audit.

Working documentation drawn up by the employees of the Accounts Chamber during the audit is confidential and is the property of the Accounts Chamber. Storage of documentation should be organized in such a way as to exclude the possibility of familiarizing employees of the audited organization with the content of this documentation.

After completing the audit, the chief auditor must familiarize the head of the organization with the results of the audit and, if he agrees with the conclusion and conclusions, put his signature in the audit report. If the head of the organization disagrees with the results of the inspection and refuses to sign the inspection report, the chief auditor, who is responsible for the inspection, draws up an act with the participation of the commission and signs it. The head of the organization must justify in writing his refusal to sign the act.

If from the organization in which the audit was carried out, no response comments to the comments and recommendations are received within the specified timeframe, or it declares its intention not to correct the indicated deficiencies in whole or in part, the chief auditor prepares the final version of the opinion, to which he attaches the response of the auditee (if any such), and submits for consideration by the Board of the Accounts Chamber.

If the Accounting Chamber reveals the facts of misappropriation, waste, embezzlement and shortages of public funds, the inspection materials are sent to the appropriate law enforcement agencies.

If the audited organization agrees to eliminate the deficiencies in accordance with the recommendations formulated by the Accounts Chamber, a protocol is compulsorily drawn up, which determines the time frame for implementing these recommendations. In order to control the implementation of the recommendations of the Accounts Chamber and eliminate the identified deficiencies, the chief auditor carries out a subsequent check of the implementation of the recommendations and the elimination of deficiencies. If the chief auditor, during the audit, makes sure that the recommendations of the Accounts Chamber are not fully or partially implemented by the audited organization and the noted shortcomings are not eliminated, these facts are submitted for consideration by the Board of the Accounts Chamber.

An official of the organization where the audit is conducted has the right to:

- know the time and duration of the performance audit, its results, conclusions and recommendations (if any);

- to prevent employees of the Accounts Chamber who have not submitted the relevant document giving the right to conduct an audit of efficiency;

- to receive a full written justification for the extension of the audit period, and if the official considers the extension of the audit unreasonable, he may apply to the court;

- to demand compensation for losses incurred as a result of illegal actions on the part of employees of the Accounting Chamber;

in case of illegal actions on the part of employees of the Accounting Chamber, notify law enforcement agencies.

 An official of the organization where the audit is conducted:

- provides employees of the Accounts Chamber with appropriate working conditions, as well as the requested information necessary for the audit and ensures the accuracy, objectivity and completeness of this information;

- does not interfere with the actions of the Accounting Chamber employees, does not mislead them, does not interfere with the audit and does not limit its scope;

- allows employees of the Accounts Chamber to listen and study documents during working hours without interrupting the audited organization from conducting its affairs.

 Refusal or evasion of officials of the organizations where the audit is conducted from the timely provision of the necessary information or documentation at the request of the Accounts Chamber, as well as the provision of false information and refusal to answer lawfully posed questions entails liability in the manner prescribed by the legislation of the Republic of Tajikistan.

The Court of Accounts may use the services of third-party experts to assist it in performing audit work. The costs of third-party experts are covered by the budget of the Accounts Chamber.

The selection of outside experts is carried out within the framework of the procedure presented by the Chairman of the Accounting Chamber and approved by the Board of the Accounting Chamber.

The Accounts Chamber submits to the President of the Republic of Tajikistan and Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan an audit opinion on the annual report of the Government of the Republic of Tajikistan on the execution of the state budget for the previous year. The conclusion of the Accounts Chamber should contain conclusions regarding:

- execution of the state budget in terms of legality, economy and efficiency;

-the feasibility and expected economic effect of changes in the size of the state internal and external debt;

- the expected consequences of the provision of loan guarantees by the Government of the Republic of Tajikistan:

-the reliability of financial accounting and reporting of organizations spending state budget funds.

Annually, the Accounts Chamber submits a generalized report on its audit activities to the President of the Republic of Tajikistan and the Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan.

The Accounts Chamber has the right at any time to submit audit reports to the President of the Republic of Tajikistan on urgent issues that require urgent action.

The Accounts Chamber, no later than the end of the first quarter of the next financial year, submits to the President of the Republic of Tajikistan and the Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan a report on the execution of the budget of the Accounts Chamber.

The report can provide information in the following areas:

- personnel issues;

- advanced training of employees;

- improvement of the methodology;

- Information Technology;

- questions of financing of the Accounting Chamber.

Performance audit

The purpose of performance audit is to qualitatively improve the process of public resource management itself by providing complete, reliable and objective information on the activities of organizations involved in the budget process.

Performance audit prepares a report for the President of the Republic of Tajikistan and Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan on economy, finance, efficiency of operational and administrative activities of the Government of the Republic of Tajikistan, as well as submission of recommendations for improving budget legislation.

The main functions of performance audit are:

-control verification of the activities of controlled organizations and determination of the reasons for the ineffective use of budgetary funds by their recipients;

-analytical search and determination of cause-and-effect relationships of the work of executive authorities and its results;

-synthetic formation, determination of recommendations to improve the efficiency of the audited organizations;

- providing legislative authorities with the opportunity to assess the effectiveness of decision-making on the regulation of the budget process;

-providing state executive bodies with information and recommendations to improve the efficiency of resource use.

Financial audit of the Accounts Chamber

The activities of the Accounts Chamber are subject to an annual financial audit, which must be carried out by a professional auditing non-state company appointed by the Chairman of the Accounts Chamber after a tender.

The tasks of this audit company include preparation of an opinion on the degree of compliance by the Accounts Chamber with the relevant regulatory legal acts when spending budgetary appropriations.

The conclusion of the audit company is considered at the meeting of the Board of the Accounting Chamber.

Payment for the services of a professional audit company is carried out at the expense of the funds provided for in the budget of the Accounting Chamber.

At least once every five years, in the manner determined by the President of the Republic of Tajikistan, the quality of audits conducted by the Accounts Chamber is assessed, the conclusion of which is sent to the President of the Republic of Tajikistan and the Majlisi Namoyandagon Majlisi Oli of the Republic of Tajikistan.

16.6. Non-state financial control

The formation of the foundations of a market economy increases the role of those types of financial control that are carried out on the basis of laws, but without the direct participation of state regulatory bodies.

Non-state types of financial control include:

1) intra-company (corporate);

2) control by commercial banks over organizations

clients;

3) audit control.

Internal financial control is carried out by the economic services of the enterprise itself, the firm, the corporation - by the accounting department, the financial department, the financial management service, and others - over the finances of the enterprise, its branches and subsidiaries.

Internal control services monitor the efficiency and expediency of monetary costs, both their own and borrowed funds; analyze and compare the actual financial results with the predicted ones; evaluate the financial results from investment projects; control the financial condition of the enterprise. Internal control accompanies the entire process of capital investment.

The so-called post-audit means a comparison of actual financial results at each stage of production and investment activities with those predicted in the financial section of the business plan; analysis and elimination of the reasons for their discrepancy; search for ways to reduce costs and improve methods of financial forecasting.

Reforming the banking system and the emergence of commercial banks have significantly changed the functions of banks in the field of financial control. Commercial banks are obliged by law to control only the observance by client enterprises of the procedure for conducting cash settlement operations and foreign exchange legislation established by the state.

At the same time, commercial banks require enterprises to assess the financial condition and creditworthiness of an enterprise - a potential borrower. In the case of a loan, the bank monitors the use of the issued loan, the solvency and liquidity of the client to assess the likelihood of repayment of the loan with due interest on time. This control on the part of the bank is an important element of credit risk management.

Audit control is a new type of financial control that appeared in the Republic of Tajikistan in the late 1990s. The emergence of various commercial structures in the marketplace has sharply increased the requirements of society for their financial reliability and objectivity in assessing their financial condition.

The state is also interested in an independent examination of the financial statements of private commercial structures, especially if we consider that it is carried out at the expense of the economic entities themselves.

Auditing activities, auditing are entrepreneurial activities for independent verification of accounting and accounting (financial) statements from individual entrepreneurs and legal entities.

The scope of auditing and auditing does not include checking budgetary institutions.

Audits do not exclude the implementation of state control over the reliability of accounting (financial) statements, carried out in accordance with the legislation of the Republic of Tajikistan, by authorized state bodies.

The purpose of audit activity is to express an opinion on the reliability and degree of accuracy of the data in the accounting (financial) statements, which allows the user of these statements to draw correct conclusions about the results of economic activities, financial and property status of the audited persons.

The main conditions for auditing are:

 - independence;

 - objectivity;

 - professional competence;

 - confidentiality of audit results.

An auditor is an individual who meets the qualification requirements established by the body that carries out state regulation of auditing activities, who has an auditor's qualification certificate.

The auditor has the right to carry out auditing activities as an individual auditor or an employee of an audit organization, engaged to work on the basis of an employment contract, carrying out its activities without forming a legal entity.

Auditing consists of types of mandatory and proactive verification.

Mandatory audit - an annual audit of accounting and accounting (financial) statements of legal entities. Mandatory audit is carried out by audit organizations.

Obligatory annual audit is subject to:

 - banks;

 - non-bank financial organizations that carry out certain types of banking operations and organizations that operate in the securities market;

 - open joint stock companies;

 - insurance organizations;

 - public funds;

 - subjects of natural monopoly;

 - stock and commodity exchanges, investment funds and state unitary enterprises that have the right to conduct economic activities.

Initiative audit is carried out at the initiative of the audited entity, taking into account the specific tasks, timing and scope of a specific audit provided for by the contract for the audit between the audited entity and the individual auditor or audit organization.

An audit organization is a commercial organization that carries out audits and provides audit-related services.

An audit organization can be created in any organizational and legal form, if its organizational legal type corresponds to commercial organizations, with the exception of an open joint stock company, a production cooperative and a state unitary enterprise.

Auditing organizations carry out their activities to conduct an audit after obtaining a license in the manner prescribed by the Law of the Republic of Tajikistan "On licensing certain types of activities".

Foreign individuals and legal entities, on the basis of the requirements of the law, can create audit organizations on the territory of the Republic of Tajikistan and carry out audit activities as an individual auditor.

The staff of the audit organization must be at least 70 percent of the citizens of the Republic of Tajikistan. If the head of the audit organization is a foreign citizen, at least 75 percent of employees must be citizens of the Republic of Tajikistan.

When conducting an audit, individual auditors and audit organizations have the right to:

 - to independently determine the forms and methods of the audit;

 - check in full the accounting documentation related to the financial and economic activities of the audited organization, as well as the actual presence of any property accounted for in this documentation.

Interference of state bodies, audited persons and any third parties in the activities of individual auditors and audit organizations is not allowed.

When conducting an audit, individual auditors and audit organizations are required to:

- carry out an audit based on the legislation of the Republic of Tajikistan;

- to provide, at the request of the audited entity, the necessary information on the requirements of the legislation of the Republic of Tajikistan regarding the conduct of an audit, as well as the regulatory legal acts of the Republic of Tajikistan, on which the comments and conclusions of the individual auditor and the audit organization are based;

- within the period established by the agreement for the provision of audit services, transfer the audit report to the audited persons or persons who have entered into an agreement on the provision of audit services.

The audit does not relieve the audited entities from liability for non-compliance of the submitted accounting (financial) statements and other documents with the requirements of the legislation of the Republic of Tajikistan.

Individual auditors and audit organizations are obliged to keep secrecy about the transactions of the audited persons and persons who were rendered audit-related services.

Individual auditors and audit organizations are obliged to ensure the confidentiality of information and documents received or compiled by them in the course of auditing activities, and are not entitled to transfer this information and documents or their copies to third parties or disclose them without the written consent of the audited persons, in respect of whom the audit was carried out and services corresponding to the audit, except for cases provided for by the laws of the Republic of Tajikistan.

An auditor's report is an official document intended for users of the accounting (financial) statements of audited entities, drawn up in accordance with the standards of auditing and containing the opinion of an individual auditor or an audit organization expressed in the prescribed form on the reliability of the accounting (financial) statements of the audited entity and in accordance with the procedure its accounting according to the legislation of the Republic of Tajikistan. The form, content and procedure for submitting an audit report are determined by the standards of auditing and other regulatory legal acts of the authorized body.

Self-study assignments:

1. Prepare for an oral discussion of the topic.

2. Answer questions for self-control.

3. Complete the proposed tasks.

4. Prepare abstracts on the topics:

- "Inspection of the activities of economic entities in the Republic of Tajikistan".

- "Organization of financial control in the Republic of Tajikistan, its subjects and objects."

5. Answer test questions.

6. Make an additional glossary on the topic.

7. Prepare a group project on the topic "Directions for improving state financial control in the Republic of Tajikistan." The form of the event is a mini-conference.

Questions for self-control:

1. Describe the state financial control.

2. List the methods of state financial control.

3. Name the types of audits depending on the degree of "coverage" of financial and business transactions at the inspected facility.

4. Name the tasks and functions of the Accounts Chamber.

5. What is the role of financial control in the conditions of market relations?

6.What is audit? Give a brief description of the audit activity.

7. What are the tasks of departmental financial control?

Tasks:

1.How is financial control organized in the Republic of Tajikistan?

2. List the financial control bodies in the Republic of Tajikistan.

3. Study the data of the Accounts Chamber on the execution of the state budget. Draw conclusions about the work of the chamber.

4. Make a block diagram of the financial control mechanism in the Republic of Tajikistan.

5. Make a presentation on the Role and Importance of Auditing.

Test

1.Non-state financial control is:

A) credit; B) deposit; C) audit; D) leasing; E) factoring.

2. Establishing the reliability of accounting and financial statements and the compliance of financial and business transactions with regulations in force in the Republic of Tajikistan, refers to:

A) legal control; B) organizational control; C) internal control; D) social control; E) financial control.

3. Control over the execution of the state budget and trust funds is:

A) private; B) non-state; C) state; D) practical; E) technical.

4. According to the methods of implementation, financial control is subdivided into:

A) supervision; B) monitoring; C) audit; D) verification; E) all answers are correct.

5. Control is carried out by law enforcement agencies in the form of audits, forensic accounting expertise:

A) legal; B) commercial; C) audit; D) civil; E) technical.

6. The main conditions of audit activity are:

A) independence; B) objectivity; C) professional competence; D) confidentiality of audit results; E) all answers are correct.

7. Control carried out in the budgetary and financial sphere, the subject of which is the processes of formation and use of financial resources of the state:

A) political financial control; B) environmental financial control; C) commercial financial control; D) budgetary and financial control; E) audit financial control.

8. An audit can be:

A) commercial and local; B) quantitative and qualitative; C) non-profit and administrative; D) mandatory and proactive; E) civil and commercial.

9.The body exercising financial control:

A) Ministry of Economy; B) Parliament of the Republic; C) the Court of Accounts; D) National Bank; E) State Treasury.

10. An official document containing the opinion of the individual auditor expressed in the established form on the reliability of the financial statements of the audited entity:

A) auditor's report; B) current balance; C) preliminary control; D) operational plan; E) centralized funds.

**ANSWERS TO TESTS**

|  |  |  |  |
| --- | --- | --- | --- |
|  **Topic 1.** | **Topic 5.** | **Topic 9.** | **Topic 13.** |
| **1** | C | **1.** | C | **1.** | B | **1.** | E |
| **2** | B | **2.** | E | **2.** | B | **2.** | B |
| **3** | А | **3.** | E | **3.** | E | **3.** | D |
| **4** | E | **4.** | А | **4.** | E | **4.** | E |
| **5** | А | **5.** | D  | **5.** | B | **5.** | D |
| **6** | E | **6.** | D | **6.** | D | **6.** | C |
| **7** | E | **7.** | E | **7.** | E | **7.** | E |
| **8** | А | 8. | E | 8. | D | 8. | E |
| **9** | E | **9.** | D | **9.** | E | **9.** | D |
| **10** | B | **10.** | B | **10.** | E | **10.** | C |
| Topic 2. | Topic 6. | **Topic 10.** | **Topic 14.** |
| **1.** | B | **1.** | C | **1.** | B | **1.** | D |
| **2.** | E | **2.** | D | **2.** | E | **2.** | B |
| **3.** | E | **3.** | C | **3.** | E | **3.** | B |
| **4.** | B | **4.** | B | **4.** | D | **4.** | E |
| **5.** | E | **5.** | А | **5.** | А | **5.** | D |
| **6.** | B | **6.** | E | **6.** | C | **6.** | D |
| **7.** | E | **7.** | B | **7.** | D | **7.** | E |
| 8. | C | 8. | E | 8. | А | 8. | C |
| **9.** | E | **9.** | E | **9.** | E | **9.** | C |
| **10.** | E | **10.** | C | **10.** | E | **10.** | C |
| **Topic 3.** | **Topic 7.** | **Topic 11.** | **Topic 15.** |
| **1.** | E | **1.** | C | **1.** | D | **1.** | C |
| **2.** | A | **2.** | E | **2.** | E | **2.** | E |
| **3.** | E | **3.** | D | **3.** | B | **3.** | E |
| **4.** | D | **4.** | C | **4.** | B | **4.** | D |
| **5.** | E | **5.** | E | **5.** | A | **5.** | A |
| **6.** | E | **6.** | E | **6.** | E | **6.** | A |
| **7.** | C | **7.** | D | **7.** | D | **7.** | E |
| 8. | E | 8. | B | 8. | B | 8. | E |
| **9.** | A | **9.** | B | **9.** | B | **9.** | B |
| **10.** | A | **10.** | C | **10.** | E | **10.** | E |
| **Topic 4.** | **Topic 8.** | **Topic 12.** | **Topic 16.** |
| **1.** | E | **1.** | B | **1.** | B | **1.** | C |
| **2.** | C | **2.** | E | **2.** | C | **2.** | D |
| **3.** | B | **3.** | B | **3.** | E | **3.** | А |
| **4.** | E | **4.** | B | **4.** | А | **4.** | E |
| **5.** | D | **5.** | C | **5.** | B | **5.** | E |
| **6.** | D | **6.** | D | **6.** | E | **6.** | E |
| **7.** | C | **7.** | А | **7.** | B | **7.** | D |
| 8. | А | 8. | E | 8. | C | 8. | А |
| **9.** | E | **9.** | B | **9.** | А | **9.** | C |
| **10.** | D | **10.** | E | **10.** | D | **10.** | A |

**GLOSSARY**

**Excise** is a type of indirect tax levied on the price of a product or tariff for a service.

**Amnesty (tax)** - a set of measures to pay off tax arrears and other obligatory payments by taxpayers, as well as exemption from payment of fines and penalties from the amounts paid by them to the budgets.

**Performance audit** - the study and analysis of the activities of the audit object for economy, productivity and effectiveness.

 **Performance audit** - the study and analysis of the effectiveness of government programs, projects, areas of activity and work of government agencies and budgetary organizations in achieving their goals and performing tasks.

**Audit control** is an independent, non-departmental financial control carried out by a licensed auditing firm. Its main task is to establish the reliability, completeness and reality of accounting and financial statements and compliance with financial legislation.

**Bankruptcy** is ruin, the refusal of an enterprise to pay its debts due to lack of funds. Leads to the closure or forced liquidation of the enterprise, the sale of property to pay off all debts.

**Gratuitous transfers to budgets** are receipts to the budget of funds from budgets of other levels and state extra-budgetary funds, from state and supranational organizations, as well as funds transferred to targeted budget funds.

**Budget** is a form of formation and spending of a fund of funds intended for financial support of the tasks and functions of the state and local government.

**Budget classification** - grouping of income and expenditure of budgets of all levels with assignment of grouping codes to objects of classification for comparability of indicators of budgets of all levels.

**Budget loan** - budgetary funds to another budget on a repayable gratuitous or reimbursable basis for a period not exceeding 6 months within a financial year.

**A budgetary commitment** is an obligation recognized by the budget executing body to spend the funds of the relevant budget, within a certain period, arising in accordance with the law on the budget and the consolidated budget schedule.

**Budget planning** is a centralized distribution and redistribution of the cost of GDP and personal income between the links of the budgetary system based on the national socio-economic development program of the country in the process of drawing up and executing budgets and off-budget funds of different levels.

**Budgetary regulation** - the redistribution of funds in order to provide the territorial budgets with the minimum required level of income allocated for the economic and social development of the territories.

**Budgetary structure** - the organization and principles of building the budgetary system, its structure, the relationship between individual links. Determined by the state structure.

**Budgetary appropriations** - funds of budgets of different levels, directed to the development of the economy, financing of social and cultural events, defense, maintenance of government bodies.

**Budgetary process** is the activity of state authorities, local self-government bodies and participants in the budgetary process, regulated by the norms of law, for the preparation, consideration and approval, execution of budgets and control over their execution.

**Development budget** is a part of budget expenditures that contains capital expenditures. The development budget of the Republic of Tatarstan is a component of the state budget related to capital expenditures and is used for lending, investment and guarantee provision of investment projects.

**Gross Domestic Product (GDP)** is a generalizing macroeconomic indicator that reflects the total market value of final products and services produced in the country during the year, regardless of the nationality of legal entities and individuals operating in the national economy.

**Departmental classification of budget expenditures** - a grouping of expenditures, reflecting the distribution of budgetary funds by the main managers (departments).

**A bill of exchange** is a type of security, a written promissory note of the established form, which endows its owner (holder of a bill) with the unconditional right to demand unconditional payment of the specified amount of money from the drawer by a certain date.

**Extra-budgetary special funds** - monetary funds with a strictly targeted purpose. Their goal is to expand social services to the population, stimulate the development of individual infrastructure sectors, and provide additional resources to priority sectors of the economy.

**External debt** - liabilities arising in foreign currency. RT has a debt to international financial and credit organizations, foreign governments, foreign banks and firms.

**Domestic debt** - liabilities arising in the currency of the Republic of Tajikistan. The governments of different levels of the Republic of Tajikistan have a debt to legal entities and individuals of the country. Calculated as capital and current.

**External audit** - an audit conducted by auditors who are independent of the auditee, and therefore not accountable to its management.

D

**State regulation of finance** is a legislatively formalized system of influence on financial processes in the socio-economic life of society. There are two world concepts of state financial regulation that are most opposite in their forms of implementation: monetarism and Keynesianism.

**State financing** is a method of irrevocable provision of financial resources to business entities at the expense of budgets and extra-budgetary funds.

**State credit** - monetary relations arising from the state with legal entities and individuals of the country, other budgets, foreign states, their legal entities and international organizations in connection with the mobilization of temporarily free funds at the disposal of the authorities and their use to finance public expenditures.

**State order** - a set of government contracts concluded for the supply of goods, production of work, provision of services at the expense of the budget of the corresponding level.

**Public finances** - a set of monetary relations associated with the formation, distribution and use of funds, accumulated funds through the republican budget, local budgets and state trust funds used by the authorities and public administration, local government bodies to perform the functions assigned to them;

**State budget** - the main fund of monetary funds, forms of education and spending of monetary funds of republican government bodies, local government bodies and targeted budget funds of the Republic of Tajikistan, approved by the legislative bodies;

**Grants -** funds received from government bodies, or from government bodies of foreign countries, or from international financial organizations free of charge and without undertaking obligations regarding their repayment, in order to maintain a certain direction of economic policy;

**Devaluation** - the official depreciation of the national currency against foreign currencies.

**Monetary unit** - a statutory currency used to measure and express the prices of all goods and services, which is an element of the monetary system.

**The GDP deflator** is one of the price growth indices used as an indicator of real GDP, i.e. at constant prices. The deflator is used when planning the financial documents of the authorities.

**Budget deficit** - excess of budget expenditures over its revenues.

**Dividend** is a part of the profit of a joint stock company, annually distributed among shareholders after taxes, deductions for expansion of production, replenishment of reserves, payment of loans and interest on bonds, remuneration to directors.

**Long-term financial investments** - financial investments calculated for a long period of time in the authorized capital of commercial organizations and long-term loans.

**Subsidies are budgetary funds** provided to the budget of a different level of the budgetary system of the Republic of Tajikistan or to a legal entity, on a gratuitous and irrevocable basis to cover current expenses.

**Land cadastre** - a register of land by class depending on fertility, proximity to sales markets, type of crops sown, etc. It serves as the basis for assessing the average yield of land of each class, it is used to determine the rates of land tax.

AND

**Investments** are long-term investments in order to create new and modernize existing enterprises, master the latest technologies and equipment, and increase production.

**Investment tax credit** - a deferred tax payment provided in order to stimulate investment activity and renew the fixed assets of an enterprise on the basis of a loan agreement with the tax authorities.

**Investor** - a private entrepreneur, organization or state making long-term capital investments in any business, enterprise with the aim of making a profit.

**Individual savings account** is a document that is stored in specially authorized bodies in electronic form and contains information about the insured persons, their income, insurance contributions received from them (for them), as well as other information that takes into account the pension rights of the insured persons.

**Individual savings account** - a special part of the individual savings account, which records the amount of mandatory pension savings, income from their investment and indexation, as well as payments from pension savings.

**Innovation** is an innovation, a complex process of creating the diffusion and use of innovation (new practical tool) to meet human needs.

**Inflation** is a crisis state of the monetary system, caused by the disproportionality of the development of social reproduction, manifested in the general and uneven growth of prices for goods and services.

Infrastructure - a complex of sectors of the economy serving industrial or other production, as well as the population. Includes transportation, communications, trade, logistics, science, health care, education.

**Mortgage** - lease of real estate, land as collateral for obtaining a mortgage loan.

**The Treasury** is a centralized system of bodies that ensures the organization, implementation and control over the execution of the budget in the Treasury accounts based on the principle of the unity of the cash desk.

**Capital construction** is the process of creating and improving fixed assets through the construction of new ones, reconstruction, expansion, technical re-equipment and modernization of existing ones.

**Capital investments** - the cost of material, labor and monetary resources, aimed at the restoration and growth of fixed assets.

**Capital expenditures of budgets** - part of budget expenditures associated with expanded reproduction, in the implementation of which property is created or increased, which is from state and local ownership.

**Clearing** is a system of non-cash payments for goods, securities and services. Clearing is based on the offset of mutual claims and obligations.

**Consolidated budget** - a set of budgets of all levels of the budgetary system of the Republic of Tajikistan in the corresponding territory.

**The Concern** is an unification of independent enterprises of various industries linked by joint development through a system of participation, patent and license agreements, financing, and close production cooperation.

**Concession** - permission by one state to other states, their firms and individuals to carry out production and operational activities in accordance with a concession agreement (commissioning of enterprises, land with the right to extract minerals).

**Indirect taxes** - taxes levied in the form of a surcharge to the price of a product.

**Short-term liabilities** - liabilities, the maturity of which occurs within a short period of time, up to one year.

**Short-term financial investments** - financial investments calculated for a short period, highly liquid securities, including short-term government treasury bonds, bonds, shares, temporary financial assistance to other enterprises, certificates of deposit, received short-term bills.

**Lending** is one of the forms of financial support for reproduction costs, in which the costs of a business entity are covered by a bank loan provided on a basis of payment, repayment, guarantee and urgency.

**Limit of budgetary commitments** - the amount of budgetary commitments, determined and approved for the manager and recipient of budgetary funds by the body executing the budget for a period not exceeding three months.

**Lending limit** - the maximum amount of a loan or debt balances in the planning period.

License - a special permit for a legal entity to carry out specific business operations specified by law, including foreign trade (export and import).

**Interbudgetary relations** - a set of relations between authorities and administrations of all levels regarding the delimitation and consolidation of budgetary powers, observance of the rights, duties and responsibilities of authorities in the field of drawing up, approving and executing budgets and the budget process.

**Local taxes and fees** - taxes and fees established by the representative bodies of local self-government independently, in accordance with state laws.

**Local finance** is a set of socio-economic relations arising from the formation, distribution and use of financial resources to address local issues.

**The accumulative part of the labor pension** is additional payments to the labor pension, made at the expense of the funds accumulated in the individual accumulation account.

**Tax** is a compulsory contribution of the payer to the budget and extra-budgetary funds in the amount determined by the law and within the established time frame.

**The tax system** is a set of different types of taxes, in the construction and calculation of which certain principles are implemented.

**Tax holidays** - a certain period of time during which the payer is granted a benefit in the form of exemption from taxes.

**Tax incentives** - full or partial exemption of taxpayers from paying tax in accordance with applicable law.

**A tax credit** is one of the tax incentives that defer the collection of tax.

**Tax control** is a specialized control by state bodies over compliance with tax legislation, correctness of calculations, completeness and timeliness of payment of taxes and other mandatory payments by legal entities and individuals.

**Taxpayers and payers of levies** are organizations and individuals charged with the obligation to pay taxes and levies accordingly.

**Non-tax budget revenues** are revenues: from state and local property or from activities with it; from the sale of property; administrative fees and penalties; income from foreign economic activity and others.

**Mandatory pension savings** - a set of funds accumulated through mandatory insurance contributions from employees' wages, the procedure for keeping them in individual savings accounts is determined by the Government of the Republic of Tajikistan.

**Mandatory pension savings** - a set of funds accumulated through mandatory insurance contributions from employees' wages, the procedure for keeping them in individual savings accounts is determined by the Government of the Republic of Tajikistan.

**Bonds** are interest-bearing securities. Issued by government agencies to cover deficits and joint stock companies to raise capital. Have a specified maturity date.

**Government bonds** are short- and long-term securities issued by the Ministry of Finance of the Republic of Tatarstan to attract investors' funds and perform its functions by the state.

**Savings loan bonds** - government securities issued to attract funds from investors, but intended for placement among the population.

**Debt service** is the payment of interest and repayment of the principal amount of the debt for a specified reporting period.

**Fixed non-productive** assets are durable goods that serve non-productive consumption in society. These include residential buildings, clinics, clubs, sanatoriums, stadiums, etc. on the balance sheet of the enterprise.

**Pension** is a guaranteed monthly payment of sums of money for the material support of citizens in connection with old age, disability, seniority and the death of a breadwinner.

**The Pension Fund of the Republic of Tajikistan** is a centralized fund of the state that ensures the formation and distribution of financial resources for the purpose of providing pensions to citizens of the Republic of Tajikistan.

**Balance of payments** - the ratio of payments made by a country abroad and receipts received from abroad for a certain period of time (month, quarter, year). Includes the trade balance, reflecting the ratio of the value of exports and imports of the country's goods for the corresponding period, the balance of services and non-commercial payments. Together, they make up the balance of payments for current transactions. The general balance of payments of the country forms the balance of current operations and the balance of capital and credit flows, as well as the movement of gold and foreign exchange reserves.

**Benefit** is a regular or one-time cash payment provided to citizens of the country in connection with temporary disability, pregnancy and childbirth, at the birth of a child, and more.

**Duty** is one of the types of indirect taxes.

**Preference** - a privilege or the provision of a special tax regime for a group of economic entities, which allows them not to bear part of the tax liabilities within a specified time.

**Privatization** is the process of changing ownership relations when a state enterprise is transferred to other forms of ownership, including collective, joint-stock and private.

**Forecasting** is a scientifically based prediction of the probabilistic development of events or phenomena for the future based on statistical, social, economic and other research.

**Prospectus of issue** - a document containing the necessary information on the issue of securities subject to registration in the prescribed manner.

**Budget surplus** - the excess of budget revenues over expenditures.

**The reserve fund** is a fund formed in the expenditure side of budgets of all levels to finance unforeseen expenses.

**REPO (Repurchase Agreements)** - the sale of securities by the central bank with the obligation to repurchase them at a certain (higher) price after a certain period. The payment for the money provided in exchange for the securities is the difference between the buyback price and the sale price.

**Debt restructuring** is the repayment of debt obligations with the simultaneous implementation of borrowings or the adoption of other debt obligations in volumes to be repaid with the establishment of other terms of service and maturity dates. More often, in practice, it is implemented as an extension of the maturity of the debt and the payment of interest on it. Debt restructuring can be carried out with partial write-off or reduction of the principal amount.

**Restructuring of fiscal debt** - determining the total debt to the budget, determining the timing of its repayment, monitoring and compliance during this period with the mandatory deadlines for making current payments to budgets and extra-budgetary funds.

**The list of the budget** is the main operational plan for the distribution of income and expenses by divisions of the budget classification, in which the dates for the receipt of taxes and other payments and the expenditure of budgetary funds during the year are stated.

**The refinancing of public debt** is the repayment of the principal amount of the debt and interest on it at the expense of funds received from the placement of new loans. Debt refinancing can be effective only if the borrowing country has a high credit reputation in the world financial markets.

**Balancing the budget** is one of the principles of the budget system, which means that the volume of budgeted expenditures should correspond to the total volume of budget revenues and receipts from sources of financing its deficit.

**Sequestration** is a proportional decrease in government spending on all budget items, except for those protected during the time remaining until the end of the year.

**Social policy** is the policy of the state in relation to the formation of the living standard of the population, the reproduction of human capital, the provision of social services and the development of social infrastructure at the state, regional and local levels.

**Social security** is a system of distributive relations, in the process of which funds of money are formed and used at the expense of a part of the national income for material support of citizens in old age, for disability, in case of loss of a breadwinner, in other cases established by law.

**Social partnership** is a policy of interaction between business and society, which boils down to the fact that entrepreneurship is not realized only in making a profit, but takes into account the human and social factors of the impact of the production sector on workers, the city-forming role of enterprises and the social role of society as a whole.

**Social insurance** is a system of economic relations through which funds of funds are formed and spent, intended for the material support of the disabled.

**Special funds** - funds received by organizations in addition to allocations allocated from the republican and local budgets. Special funds are the income of organizations received from the sale of products, performance of work, provision of services or other activities;

**The insured** - citizens, legal entities (enterprise, institution, organization and other economic entity, regardless of the form of ownership and types of activity) and individuals hiring citizens under labor agreements (contracts), including foreign legal entities and individuals, as well as international organizations operating on the territory of the Republic of Tajikistan, obliged in accordance with the current legislation to make insurance contributions for state social insurance.

**Insurer** - a legal entity that carries out insurance activities in the field of state social insurance in accordance with applicable law. The insured person is an individual in whose favor the state social insurance is carried out.

**Insured event** - an accomplished event, with the occurrence of which the insurer becomes obliged to pay the insured person or reimburse the costs incurred by him. Insurance payment - a cash payment made upon the occurrence of an insured event to the insured person in the amount and under the conditions established by the legislation on state social insurance.

**Insurance premium** is a compulsory payment for state social insurance, which the policyholder is obliged to pay to the insurer.

**Insurance experience** - the total duration of the periods of payment of insurance premiums for the insured person.

**The refinancing rate** is the payment for a loan provided by the National Bank of the Republic of Tajikistan to commercial banks.

**Subvention** - budgetary funds provided to the budget of another level or to a legal entity on a gratuitous and irrevocable basis on the implementation of certain targeted expenses.

**Subsidy** - budgetary funds provided to the budget of another level, to an individual or legal entity on the basis of shared financing of targeted expenses.

**Customs duties** are taxes levied on the import, export and transport of goods through the territory of a given state. The following rates of customs duties are used: ad valorem - determined as a percentage of the customs value of goods; specific - set in a fixed amount per unit of goods; combined, combining elements of the first 2.

**Tariff** is a type of price, a fee charged by an organization from enterprises, organizations and the population for services (household, utilities, transport, etc.).

**Insurance premium rate** - the amount of the insurance premium as a percentage of the accrued wages (income) on all grounds or in fixed amounts for certain categories of policyholders. Individual records - organization and keeping records of information about each insured person for the purposes of state social insurance.

**Current expenditures of budgets** - a part of budget expenditures that provides current funding for state authorities, local governments, budgetary institutions, and provides financial support to other budgets and individual sectors of the economy in the form of grants, subsidies and subventions.

**Transfers** - budgetary funds for financing current and capital payments to the population in the form of pensions, scholarships, allowances, compensations, other social payments established by the legislation of the Republic of Tajikistan, as well as the allocation of expenses for enterprises, private non-profit institutions that provide services to the population, government bodies and for which there is no obligation to repay them;

**Trust (trust) operations** - associated with relations by proxy: inheritance management, performing transactions by proxy and in connection with guardianship, agency services.

**A unitary enterprise** is a commercial organization that is not endowed with ownership of the property assigned to it by the owner

**Discount rate** - the rate of interest charged by the National Bank of the Republic of Tajikistan when granting loans to commercial banks.

**Federalism (budgetary)** is a legally adopted norm of equal (partnership) relations between the center and the constituent entities of the Republic of Tajikistan in the formation of budget revenues at all levels due to the optimal combination of their tax potential, performed financial, economic, social functions and existing socially necessary needs.

**Financial information** is a system of financial indicators intended for decision-making and designed for specific users.

**Financial statements** - a set of documents containing information on financial performance.

**Financial policy** - the activities of the state, enterprises for the purposeful use of finance. The content of financial policy includes: the development of concepts for the development of finance, the definition of the main directions of their use and the development of measures aimed at achieving the set goals.

**Financial system** - a set of spheres and links of financial relations, interconnected with each other. Includes: finance of organizations, finance of the state, insurance.

**Financial strategy** is a set of measures aimed at achieving promising financial goals.

**Financial support** of the reproduction process - covering costs through financial resources accumulated by business entities and the state. It is carried out in 3 forms: self-financing, lending and government financing. This is one of the important areas of the impact of finance on the processes of social development.

**Financial planning** - planning of financial resources and funds of funds.

**Financial resources - monetary incomes, savings and receipts formed in the hands of** business entities and the state and intended for the purpose of expanded reproduction, material incentives for workers, meeting social needs, defense and public administration needs. They are the material carriers of financial relations. Used in stock and non-stock forms.

**Financial funds** - monetary funds formed from financial resources. Their purpose is to prepare conditions for meeting constantly changing social needs.

**Financial apparatus** - bodies that manage finances. These include the legislative authorities, the Ministry of Finance, the Committee on Taxes and Duties, the State Customs Committee of the Republic of Tajikistan, financial departments and administrations at enterprises of various forms of ownership that carry out the functions of operational financial management.

**Financial control** is an element of the financial management system, a special area of ​​cost control over the financial activities of all economic entities: the state, territorial administrative entities, organizations, compliance with financial and economic legislation, the feasibility of expenses incurred, and the economic efficiency of operations.

**Financial mechanism** - a set of forms of organization of financial relations, methods of formation and use of financial resources used by society in order to create favorable conditions for the economic and social development of society. According to the structure of the financial system, the financial mechanism is subdivided into enterprise financial mechanism, insurance mechanism, budgetary mechanism, etc.

**Functional classification of budget expenditures** is a grouping of expenditures of budgets of all levels and reflects the direction of budget funds to perform the main functions of the state.

**A holding company** is a joint-stock company that uses its capital to acquire stakes in other companies for the purpose of managing, managing and receiving dividends.

**Trust budget fund** - a centralized fund of funds, consolidated with the budget. It is created from income used for its intended purpose or in the order of earmarked deductions from specific types of taxes and used according to a separate estimate.

**Economic classification** **of budget expenditures** - grouping of expenditures of budgets of all levels according to their economic content. It includes current and capital items of expenditure. On its basis, estimates of budgetary organizations are drawn up.

**The economic role of the state** is activities related to the reform of property relations, levels of federal structure, institutional transformations and the achievement of a balance between economic efficiency and social justice in society.

**Bibliography**

1. Law of the Republic of Tajikistan "On banks and banking activities in the Republic of Tajikistan" dated December 2, 2002 No. 62.

2. Law of the Republic of Tajikistan "On the State Budget of the Republic of Tajikistan for 2013".

3. Law of the Republic of Tajikistan "On Public Finance" dated December 2, 2002 No. 77.

4. Law of the Republic of Tajikistan "On State Social Insurance" dated December 13, 1997 No. 517.

5. Law of the Republic of Tajikistan "On state and state-guaranteed loans and debt" dated December 11, 1999 No. 886.

6. Law of the Republic of Tajikistan "On Treasury" dated 18.06.08 No. 396.

7. Law of the Republic of Tajikistan "On State Financial Control in the Republic of Tajikistan" of 2002 No. 11.

8. Law of the Republic of Tajikistan "On the Agency for State Financial Control and Anti-Corruption of the Republic of Tajikistan" dated March 20, 2008.

9.Abramova M.A., Alexandrova A.S. Finance, money circulation, credit. M., 1999.

10. Alekhin E.V. State and municipal finance. Textbook. Penza, 2010.

11. Babashkina A.M. "State regulation of the national economy". –M .: Finance and statistics, 2003, –480 p.

12. Babich A.M., Pavlova L.N. State and municipal finance. M .: Finance, UNITI, 2000.

13 Balabanov A., Balabanov I. Finance. Leadership. –SPb, Moscow, Kharkov, Minsk: Peter, 2000, -192 p.

14 Braicheva T.V. Public finance. - SPb.: Peter, 2007.

15 Vechkanov G.S., Vechkanova G.R. Macroeconomics: Textbook for Universities. 4th ed. Peter. 2011.448 p.

16. Godin A.M., Podporina I.V. The budget and the budgetary system of the Russian Federation. M .: Dashkov and K., 2001.

17. Public finance: theory and practice Musgrave RA, Musgrave PB / per. from 5 eng. editor [1989]. - M .: Business atlas, 2009 .-- 716 p.

18. Myslyaeva IM State and municipal finance. - M .: INFRA-M, 2007.

19. Tax Code of the Republic of Tajikistan. Dushanbe. 2012

20.Taxes. Edition Chernik D.G. M .: Finance and statistics, 2000.

21. Tajikistan in figures. Statistical collection. Dushanbe 2013.

22. Ulugodzhaeva Kh. R. Taxes and taxation of the Republic of Tajikistan.

23. Finance of the Republic of Tajikistan. Annual statistical collection.

24. Finance. Edition of Kovaleva A.M., Moscow: Finance and Statistics, 2002.

25. Finance. Edition Romanovsky M.V. et al., M: Perspective, 2000.

26. Finance: Textbook / Ed. V.V. Kovaleva M: Welby T.K., Prospect Publishing House, 2004.

27. The financial position and the efficiency of using the resources of the enterprise. Chernenko M.A., Ilysheva N.N., Basharina A.V. .: Unity-Dana, 2009.

28. Financial management. V.V. Kovalev Theory and practice. Textbook. 2nd edition, ed. and add. - M .: LLC "Prospect", 2011.

29. Shomurodov F. Fundamentals of the national tax system of the Republic of Tajikistan.

30. Economic theory / Ed. A.I. Dobrynina, L. Tarasevich: Textbook for universities. - SPb.: Publishing house of SPbGUEF, publishing house "Petr", 2000. - 410-413 p.