

Tashkent State University of Economics

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Treasure system of Uzbekistan

Lecture#1: Basic principles of state treasure

Tashkent

Power to Tax

- ▶ Congress is given the power to tax by the Constitution.



Taxes

- ▶ Progressive - the higher one's income, the higher the tax
- ▶ Regressive - taxes levied at a flat rate, without regard to the level of a taxpayer's income or his or her ability to pay them

Income tax

- ▶ Authorized by the 16th amendment
- ▶ It is progressive
- ▶ It is levied on earnings of individuals and corporations
- ▶ Individual income tax is the largest source of government revenue.

Tax Day - April 1!

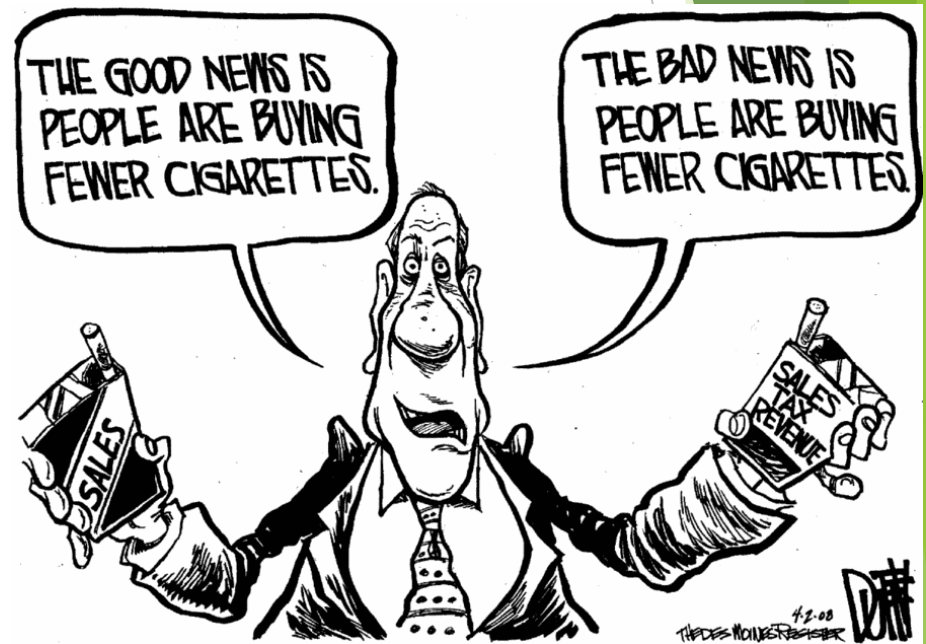
- ▶ By April 1st everyone who earned taxable income in the preceding calendar year must file a tax return with the tax committee
- ▶ Tax return - a declaration of income and of the exemptions he or she claims.

Pay-as-you-go

- ▶ Most people have their employers withhold (take) a certain part of each paycheck and send it to the IRS.
- ▶ Payroll taxes - the money that is taken by employers from employees for tax purposes.
- ▶ Some of this money goes to pay for social security, Medicare, and unemployment programs
- ▶ Payroll taxes are regressive

Excise Tax

- ▶ A tax laid on the manufacture, sale, or consumption of goods and/or the performance of services
- ▶ Also called: sin tax, luxury tax
- ▶ Examples: gas, tobacco, wine, guns, etc.



Other Taxes

- ▶ Estate tax - imposed on the assets of one who dies
 - ▶ The first \$2 million is not taxed
- ▶ Gift tax - imposed on the making of a gift by a living person
- ▶ Customs duties - imposed on goods brought into the United States from abroad

Nontax Revenues

- ▶ Interest on loans, canal tolls, fees for items like passports or copyrights, use of national park campsites, sale or lease of public lands, fines for federal crimes
- ▶ Interest - a charge for borrowed money, generally a percentage of the amount borrowed.

Borrowing

- ▶ Deficit - is the amount of money spent which is beyond the amount of money that was brought in.
- ▶ Surplus - more money brought in than spent
- ▶ Public debt - the total outstanding debts of the government

Spending Priorities

- ▶ The executive department that spends the most money is health and human services
- ▶ **Entitlements - benefits that the federal government says must be paid to all those who meet the eligibility requirements**
- ▶ Examples: Medicare, Medicaid, Social Security, food stamps

Controllable Spending

- ▶ Items in the budget that the President and Congress can decide each year how much will be spent
- ▶ Examples: highway projects, education, military hardware

Uncontrollable Spending

- ▶ “mandatory” spending built into many programs when Congress created them
- ▶ Examples: Interest on the debt, most entitlement programs like social security
- ▶ Approximately 80 percent of spending is uncontrollable

The Government Budget

- ▶ Based on the Constitution, it is Oliy Majlis that decides how much the government can spend and what to spend it on
- ▶ However, the President starts the process by submitting a budget proposal
- ▶ Congress debates, makes changes, and adopts a final budget for the upcoming fiscal year