

## Economic Nature of the Tax on Profit Received from Legal Entities and Its Place in Budget Revenue

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**Abstract:** This article scientifically analyzes opinions on economic changes in the corporate income tax and its impact on the state budget. We will present our scientific and theoretical views on the corporate income tax system, effective methods of accounting for economic activity, and the impact of tax on budget revenues.

**Keywords:** income tax, economic changes, budget revenues, efficiency, investments, effective tax, state budget, investments.

### Introduction

Corporate income tax is one of the financial instruments of great importance in the country's economy. This tax represents money received by legal entities for the purpose of replenishing the country's budget through settlements submitted to the state. In this regard, the economic nature of the income tax and its impact on the state budget are the cause of changes and play a large role in organizing investments in the social sphere.

Income taxes represent the initial funds received by legal entities, and the fact that this tax leads to economic change is important for the security of the financial system. Great importance is attached to the analysis of the economic essence of the corporate income tax and the study of its place in the state budget.

**Main part.** In economics, corporate income tax is an important part of the financial system. This tax is an amount added to the country's account by legal entities, and on this basis occupies a large place in the formation of the state budget.

Income tax pays income tax on funds deposited into the government account by legal entities. This tax is combined with other funds to fill the state budget, formed by the payer, and is used for the economic development of the country, implementation and other economic and social financial purposes. Corporate income tax will lead to changes in the financial system. Funds provided by donors include investments in the country's economy that expand productive capabilities in the creation of new enterprises, infrastructure development, technology adoption and other economic development. Income tax payments have an impact on the country's budget. These budget revenues include the financial activities of the country, taking into account the financial system of the state, and are used for strategic planning. The income tax is intended to create convenience for legal entities and use it for key activities for wider opportunities, since those who give its funds know that they will benefit from mutual tax payments. Taxes are aimed primarily at supporting residents of the country and

entrepreneurs. . This gives rise to modern approaches to efficient and cost-effective management of the financial system.

Corporate income tax takes its place as one of the main funds of the country's economy. The economic nature of this tax is of great importance for the development of the financial system and state budget revenues.

As part of the topic, in the course of our scientific research, we examined several problematic situations and gave our suggestions to them. These include:

**Fair Tax Program.** Many countries have problems with corruption and increasing financial losses because tax systems are not administered fairly and effectively. Given global legal innovation, it is important to make tax systems fair and reliable.

**Financial inclusion and distribution.** In some countries, the distribution of corporate tax revenue is unfair. To improve financial inclusion, tax systems must be efficient and sustainable relative to other sectors.

**Transparency and better tax administration:** To effectively administer income tax in an economic system, it is important to improve tax administration and increase transparency in the process. This is a global problem that plays an important role in the development of countries' tax systems.

### **Suggested solutions:**

**Transnational financial control:** The self-representation of transnational financial control in corporate income tax assessments. This will help reform the tax system and prevent financial losses.

**Education for Fair Tax Systems:** Study and disseminate global legal standards aimed at fair and sound administration of tax systems. It helps countries reform corporate tax.

**Expanding an inclusive focus on the economy:** creating new ways to stabilize and manage the economy to make tax systems independent and increase financial inclusion. This is necessary to ensure a stable and fair tax system in the distribution of financial income.

**International cooperation and external financial programs:** Developing international cooperation to prepare tax systems for innovation. It is important to work with external financial programs and financial institutions.

The economic nature of tax on profits received from legal entities is often the subject of discussion and debate. Below are several problematic situations that the income tax system may encounter, as well as proposals for solving them:

#### ➤ **Tax evasion and tax evasion:**

**Problem:** Some companies may try to avoid paying taxes using various legal and financial mechanisms.

**Solution:** Tightening tax rules, introducing control and audit mechanisms, cooperation with international organizations to combat tax evasion.

#### ➤ **Inequality of tax burden:**

**Problem:** Different industries and companies may face different levels of taxation, which can lead to inequality and injustice.

**Solution:** Review of tax rates, introducing progressive tax structures that take into account the size and profit of companies.

### ➤ **Tax benefits and their abuse:**

Problem: Some companies may abuse tax incentives even though they are designed to encourage certain activities.

Solution: Strict monitoring and evaluation of the effectiveness of tax benefits, regular updating of the rules and conditions for receiving benefits.

### ➤ **Tax dumping and international competition:**

Problem: Global companies can use differences in tax laws between countries to minimize their tax burden.

Solution: International cooperation and development of common standards to combat tax dumping, revision of tax treaties between countries.

### ➤ **Lack of transparency in profit accounting:**

Problem: Some companies may use complex financial structures to hide their true profits.

Solution: Introducing more stringent financial reporting requirements, mandatory publication of more detailed information on profits and tax liabilities.

### ➤ **Insufficient adaptation to new business models:**

Problem: Over time, new forms of business emerge that may not be taxed enough.

Solution: Regular updating of tax legislation taking into account changing conditions and technological changes, adapting tax systems to new realities.

Solving these problems requires a balanced approach that takes into account the needs of both the business sector and the interests of the state in collecting taxes and ensuring the financial sustainability of the budget. It is also important to ensure transparency and fairness in the tax system.

**Conclusions and offers.** Based on the above, income tax and the tax system of legal entities are the main issue of importance in the budgetary part of the country's economy. It deserves great recognition in terms of the economic nature of the tax and its role in government revenues, financial institutions, economic change and investment. The main result of this article is how to take measures to ensure the effectiveness of income tax for the country's economy, develop tax systems, strengthen financial institutions and increase the financial nature of the tax. At the end of our talk we will give some suggestions:

- Allow tax systems to improve financial inclusion. Income tax funds collected from legal entities should be used for rational distribution and increasing tax efficiency.
- Ensuring fair and reliable financial management systems in the administration of tax systems. Legal rules and standards are important for effective tax management and accounting.
- Consolidation of investments: use of tax-based financial systems to strengthen investments. Reform tax funds to restore financial revenues and develop the economy.
- Cooperation in the application of investment taxation systems, the organization of new investments and the development of financial activities. Creating ample opportunities for the development of large businesses between financial organizations and tax systems.

These proposals were made to help countries develop effective guidance on the economic nature of corporate income tax and its role in fiscal revenue. This issue is of great importance when considering financial reforms, strengthening the tax system and developing the country's economy.

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