

THE ROLE OF TAXATION IN SOCIETAL DEVELOPMENT: HISTORICAL PERSPECTIVES AND KEY COMPONENTS

Bozorov Shahriyor Zoirbek o'g'li¹

¹ Student at Tashkent State University of Economics

E-mail: shakhriyorbozorovv@icloud.com

Xaydarova Sitora Suranbay qizi¹

¹ Scientific supervisor

E-mail: sitoraxaydarova1996@gmail.com

Bobokeldieva Maftuna Abdusamad qizi¹

¹ English teacher at Tashkent State University of Economics

E-mail: bobokeldievamafnuna0@gmail.com

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This article explores the real history of tax systems and their core parts. Taxes started long ago. Early forms came from the rise of states. They needed ways to run society. We will look at the forces that shaped tax systems. These include money, politics, and society. The article also looks at taxes that stay the same. These are income tax, sales tax, and tariffs. Income tax takes money from what people earn. Sales tax adds a fee to what people buy. Tariffs tax goods from other countries. This article helps you see the past of tax systems. It gives new views on how tax policy grows. It helps in understanding the reasons why tax systems are the way they are.

INTRODUCTION. Taxes are deeply woven into history. They form the base of every country's money system. Taxes began and grew as government, the economy, and society changed. Early tax systems appeared in old civilizations. They were needed to pay for state actions and ensure justice. Egypt used taxes on grain and livestock to support its leaders and workers. Rome taxed land and imports to fund its military and public works.

Over time, taxes have changed a lot. Now, they not only raise money but also help achieve goals. These goals include fairness and stronger rights. After Russia took over Turkestan, it worked to control the area's economy. They set up a tax system to help them.

This system also controlled land ownership and made new tax rules. Official papers about Turkestan showed these new tax ideas.

Early on, Russia made a system to collect taxes. They changed the land tax system. This led to problems among the people in the region. These changes show how taxes can affect society.

This article looks at where taxes came from. It also looks at how they have grown. The article studies important types of taxes. It analyzes how these taxes have grown over time. It also looks at their role today. This helps us better understand tax systems. The article aims to explain the history of taxes. It also shows why they matter today. Understanding tax history helps us see how taxes affect our lives and governments.

LITERATURE REVIEW:

The history of taxes and their key parts has been studied widely. This includes looking at money, history, and political ideas. To truly grasp how tax systems grew, we need to see the past, society, and money all together. This paper looks at important works and ideas that shaped our view of taxes and their lasting roles.

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Studies of old tax systems, such as those by F. W. H. Myers, show taxes were vital for strong states. Taxes paid for the state's workers and military power. Back then, taxes came as goods or work, not money.

In earlier periods, when taxes were frequently imposed on laborers and ashore, the concept of tax assessment evolved with the medieval framework.

In medieval times, taxes changed with the feudal system. Taxes often fell on land and workers. David Graeber says the move from farming to bigger money systems changed taxes. This led to taxes based on money and wider income collection. Taxes like offering and land taxes became key for medieval rule and the church. The modern tax systems grew during the Enlightenment and Industrial Revolution. Early thinkers like Adam Smith wrote about tax ideas. In his book "The Wealth of Nations" (1776), he stressed taxes should be fair, easy to grasp, simple, and cheap to collect. These ideas still matter today. Later, Joseph

Schumpeter and John Maynard Keynes looked at taxes' role in money growth, government spending, and wealth sharing during the 1800s and 1900s.

Modern writing focuses on how taxes are built and work in today's world. Key works, like Musgrave and Musgrave's from 1989, show that tax systems are vital for keeping the economy steady. Taxes help manage money and move funds to where they are needed. Tax systems have "building blocks." These include income taxes, excise taxes, and VAT. Richard A. Musgrave wrote about these parts in 1969. He called them the base of modern money systems. Current tax experts study the issues from globalization. Global firms and tax dodging across countries create new needs. These needs include global tax teamwork and changes. For example, the rise of digital services makes it hard to tax income. This is because firms can operate in many countries at once. Nations now work to make rules for these firms. These rules aim to share tax income fairly. This shows why global tax work is so important today.

Tax collection relates closely to civil rights. Tax systems can help fix financial inequality. Thomas Piketty wrote about this in his 2014 book. It is called Capital in the Twenty-First Century. He said taxes on income and wealth are key. These taxes can lower the gap between rich and poor. Other experts study taxes and progress. Tanzi and Zee wrote about tax changes in 2000. They looked at new taxes like green taxes. Green taxes support the Earth and help economies grow. These taxes help the planet while growing the economy.

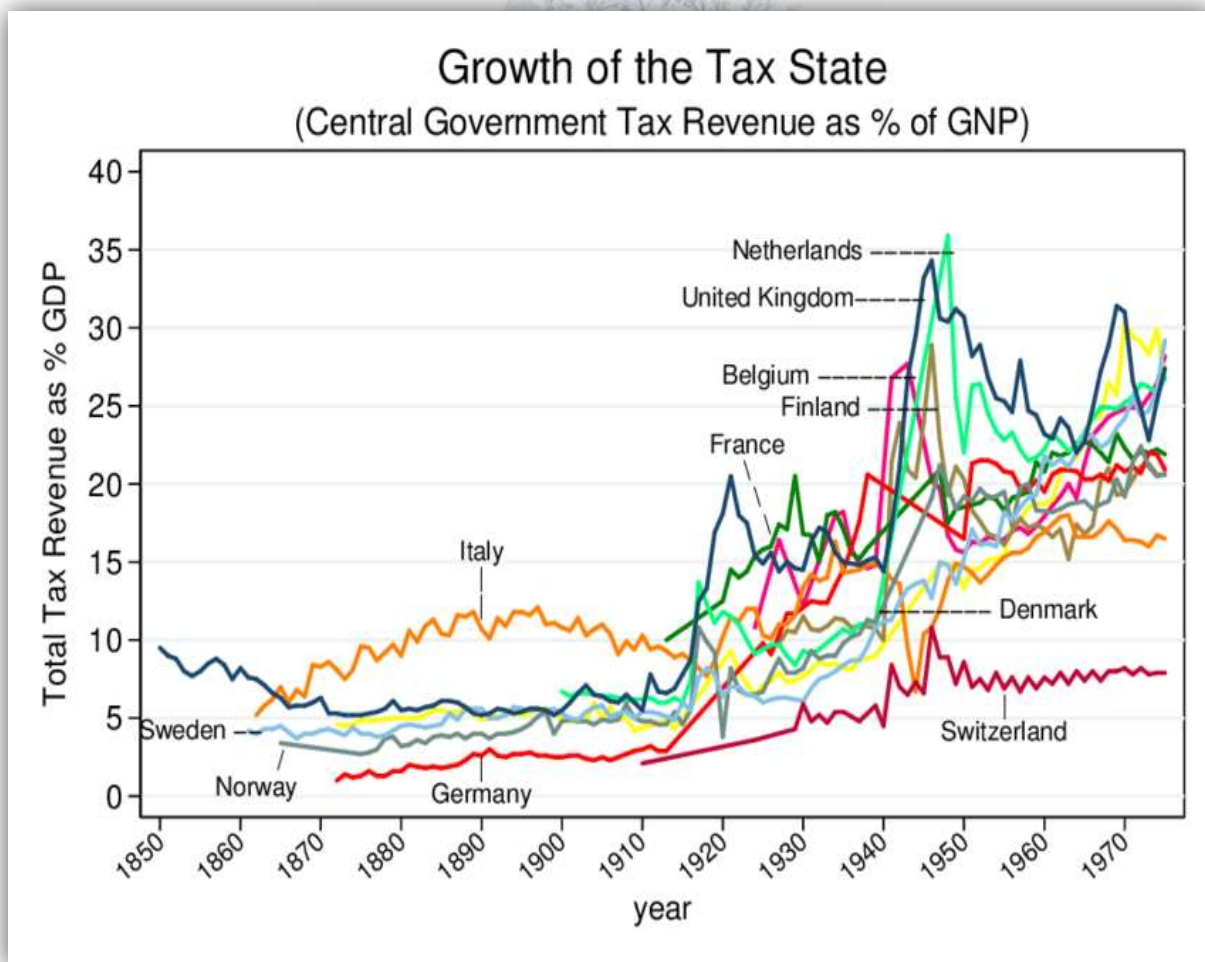
Historical texts show us that taxes began because governments needed money. To run a country, leaders had to manage resources and pay for services. Early tax systems often focused on land. Land was a basic form of wealth, easy to measure and tax. Over time, taxes grew more complex. Simple land taxes changed into systems with many layers. These systems aimed to fund the state. They also had social and political goals. Taxes could help reduce inequality. They could also fund programs that benefited certain groups. Tax policies became tools for governments to shape society.

Tax systems are key for how groups run, stay strong financially, and add value to society. Tax collection has changed over time with money changes. Early societies used goods as payment. Today, most taxes are paid with cash in more complex economies. Adam Smith came up with important tax ideas. These ideas include making taxes clear, fair, easy to pay, and good for the economy. Today's world brings new tax problems. Tax avoidance is a big issue and countries need to work together.

Taxes help share money differently, both now and in the past. Taxes that take a bigger share from higher incomes can lower inequality. But, leaders must find a balance. They

need to help the economy grow while sharing money. Modern tax systems also look at being green. They may use taxes to help the environment. For example, some places tax things that cause pollution.

To sum up, old tax rules still guide today's tax plans. New global and money problems mean taxes must be flexible and new. This will keep taxes fair, helpful, and able to last into the future.



This chart, titled "Growth of the Tax State," illustrates the central government tax revenue as a percentage of Gross National Product (GNP) from 1850 to the 1970s for several European countries, including the Netherlands, United Kingdom, Belgium, Finland, France, Italy, Denmark, Sweden, Norway, Germany, and Switzerland.

Key Observations:

1. Early Stability (1850–1910)

- a. Most countries maintained a low and relatively stable tax-to-GNP ratio, generally below 10%.
- b. Italy showed some fluctuations but remained within the 10–15% range.
- c. Switzerland had the lowest tax revenue percentage, staying close to 5% throughout this period.

2. Significant Growth (1910–1950)

- a. A major increase in tax revenue as a percentage of GNP occurred during and after World War I (1914–1918) and World War II (1939–1945).
- b. Countries like France, the UK, Belgium, and the Netherlands experienced sharp spikes in tax revenue, reflecting wartime economic policies and expansion of government roles.
- c. Germany and Italy saw moderate increases, while Switzerland maintained relatively low tax levels.

3. Post-War Expansion (1950–1970s)

- a. The tax-to-GNP ratio continued to rise across all countries, signaling the expansion of the welfare state and social programs.
- b. The Netherlands and the UK had some of the highest tax revenues, reaching over 30% of GNP.
- c. Scandinavian countries such as Sweden and Denmark followed a rising trend, aligning with their shift toward strong social welfare systems.

Trends and Implications:

- Wars and Economic Shocks: The two World Wars significantly influenced tax policies, requiring higher government revenues.
- Welfare State Growth: Post-war periods saw governments expanding social services, leading to sustained tax increases.
- Variation Among Countries: While some nations (e.g., the Netherlands, UK, France) reached high tax levels, others (e.g., Switzerland, Italy) maintained lower ratios, reflecting different economic and social policies.

This chart provides a historical perspective on how taxation evolved alongside government expansion, wars, and economic shifts in Europe.

RESULT:

Analysis of tax origins and their core elements reveals key points. Taxation has ancient roots. Early forms existed in Rome and Egypt. These societies used taxes to pay for things. This included infrastructure and the military. It also covered governance. Modern tax systems still have these functions. Some taxes stay the same over time. Consumption, property, and corporate taxes are examples. The UK started income tax to fund the Napoleonic Wars. This set a standard for many nations. Taxes do more than raise money. They help the economy and social welfare. Germany uses a progressive tax system. This system aims to fix income inequality. It also enhances social security. Tax systems change with new realities. Technology and economic shifts drive these changes. In 1913, the US adopted federal income tax. The EU has a digital services tax. These examples show tax policies adapt to new finance.

CONCLUSION

Taxation started with the first human societies. Rulers and groups in charge created taxes. They used these taxes to pay for what the government did. This included things like making new rules, fighting wars, and building important structures. Tax systems have grown more complex over time. The main goal has always been the same. Governments need to raise money, handle their finances, and provide services for their people.

Different countries have different tax systems. Tax systems have changed over time. Common taxes include taxes on income, sales, property, and company profits. These taxes have always been key for governments to manage money. History shows that taxes do more than just raise money. In places like the United Kingdom, Germany, and the United States, taxes have helped spread wealth. Taxes have also helped control the economy. These examples show how important taxes are. Taxes help shape countries' economies. Taxes also help governments do what they need to do.

Tax systems will keep changing. New challenges will force these changes. These challenges include a world that is more connected, more business done online, and changes in politics. The way taxes are collected may change. The basic ideas behind taxes will stay important. Taxes will continue to support societies in the future. It is important to study taxes and make good tax rules. Tax systems need to be fair. They need to work well. They need to be ready to handle new problems around the world.

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