

Maulana Advances in Inclusive Education

Vol. 2 No. 1 2026

ISSN: 3105-0107

Website : https://maulanapress.com/index.php/maulana

The Concept, Essence and Functions of Tax: an Analysis of Theoretical Approaches

Turayev Alijon Akmal ugli*[1], Egamberdiyeva Nargiza Zarif qizi [2]

[1,2]Samarkand Institute of Economics and Service

Article information

DOI : xxx

*Correspondence : Turayevaau@gmail.com

Submission Track

Submission : August 30, 2026
Final Review : September 05, 2026
Accepted : October 01, 2026
Available online : November 04, 2026

Keywords

tax, essence of tax, functions of taxation, benefit theory, ability to pay, social contract, fiscal policy, optimal taxation, tax system.

This is an open access article under the CC BY-NC license
https://creativecommons.org/licenses/by-nc/4.0/

Abstract

The article offers a comparative analysis of theoretical approaches to the concept, essence and functions of taxation. It systematizes the principal conceptions, namely the benefit (exchange) theory, the ability-to-pay theory, the social contract concept, Keynesian and institutional approaches, and normative optimal tax theory. The content of the fiscal, distributive, regulatory, stimulating and control functions of taxes is revealed, together with their complementarities and tensions. The author proposes an integrative interpretation of the essence and functions of taxes under contemporary conditions.

INTRODUCTION

Tax is one of the oldest and, at the same time, most controversial categories of economic science. Taxes constitute the material basis of the existence of the state: through them the state mobilizes the financial resources necessary to perform its functions. The economist J. Schumpeter did not without reason call the modern state a "tax state," since the state's capacity to conduct economic activity depends directly on tax revenues. Nevertheless, views differ as to what the essence of tax consists in, what principles it should be based on, and what functions it performs [1].

These differing views are not accidental. They are connected with different schools of economic thought, with different attitudes toward the role of the state in society, and with historical circumstances. On the one hand, tax is interpreted as a payment collected by the state by compulsion; on the other hand, as the "price" that citizens and business pay for receiving public goods. On the third hand, tax is an instrument

of policy that influences economic behavior, redistributes resources and ensures macroeconomic stability [2].

A precise interpretation of the concept and functions of tax is important not only theoretically but also practically. Setting tax rates, designing the system of preferences, distributing the tax burden and organizing tax administration depend directly on how the essence of tax is understood. The purpose of this article is to analyze the existing theoretical approaches to the concept, essence and functions of tax and to substantiate an integrative interpretation that generalizes them.

The objectives of the study are: to comparatively study approaches to the definition of tax; to reveal the economic and social essence of tax; to classify the functions of tax and determine their interrelationship; and to identify contemporary theoretical problems [3].

Foreign literature on tax theory is divided into two main streams: the **positive** approach describes how taxes work, that is, their economic consequences, while the **normative** approach evaluates how taxes should be, that is, their conformity with criteria of equity and efficiency.

A. Smith formulated the principles of certainty, equity, convenience and economy of the tax system and understood tax as the contribution that a citizen pays in return for the protection of the state. D. Ricardo analyzed the effect of taxes on the factors of production and theoretically substantiated the question of who bears the tax burden. At the end of the 19th century, K. Wicksell and E. Lindahl formed the benefit theory of financing public goods based on "voluntary agreement" [4]. A. Wagner, in turn, put forward the law of the growth of public expenditure and drew attention to the social-distributive role of taxes. A. Pigou considered taxes as a means of correcting economic externalities. J.M. Keynes substantiated tax policy as an instrument of aggregate demand management. P. Samuelson created the theory of public goods and substantiated the economic necessity of taxes from a new perspective. R. Musgrave systematized the allocation, redistribution and stabilization functions of public finance. J. Buchanan and his colleagues, within the framework of public choice theory, analyzed taxes in the context of the political process and institutions [5]. F. Ramsey, J. Mirrlees and subsequent authors developed the theory of optimal taxation. In contemporary studies the essence of tax is interpreted more broadly: authors such as Saez and Piketty proposed methods for calculating optimal tax rates on the basis of empirical elasticities while Mankiw, Weinzierl and Yagan sought to bring theoretical models closer to practical policy. Nevertheless, a single, generally accepted interpretation of the concept and functions of tax has not yet been formed, which determines the relevance of this study [6].

METHODOLOGY

The study used the methods of historical-logical analysis, comparative analysis, the systems approach, classification, generalization and scientific abstraction. The theoretical approaches were compared according to the following criteria: the manner in which the essence of tax is explained, the interpretation of the relationship between the state and the taxpayer, the approach to the issue of equity and efficiency, and the priorities assigned to the functions of tax. Classical and contemporary theoretical works, articles in international scientific journals, and tax legislation documents were selected as sources of analysis.

Research Design

The study is theoretical and qualitative. It does not test a hypothesis on statistical data; it compares existing conceptions of tax and generalizes them. The research question is: how do the main theoretical approaches explain the essence and functions of tax, and can they be combined into one consistent interpretation? The question is divided into three parts, which follow the objectives of the study: how tax is defined, which theories explain its essence, and how its functions are classified and related to one another.

Selection of Sources

The sources were chosen to cover both streams of tax theory described in the literature review, the positive and the normative, and the period from the classical works of Smith and Ricardo to contemporary studies of optimal taxation. A work was included if it (i) laid the foundation of a particular approach to the essence or functions of tax, (ii) systematized the functions of public finance, or (iii) developed a theory empirically or in terms of policy. For the legal definition of tax the Tax Code of the Republic of Uzbekistan was used. The complete list of sources is given in the references.

Procedure of Analysis

The analysis was carried out in five steps. (1) The definitions of tax were examined in their economic, legal and socio-political aspects, and a generalized definition was formulated. (2) Seven theoretical approaches (benefit, ability to pay, social contract, Keynesian, supply-side, institutional and optimal taxation) were compared according to the four criteria given above; the result is summarized in Table 1. (3) The essence of tax was divided into its main aspects. (4) The functions of tax were classified, starting from Musgrave's classification and their complementarities and contradictions were identified. (5) The findings were generalized into an integrative approach. The methods correspond to these steps: historical-logical analysis traces the development of the approaches from Smith to contemporary studies; comparative analysis is applied in steps 1 and 2; the systems approach treats the functions of tax as one interrelated system; classification is used in step 4; and generalization and scientific abstraction in step 5.

Limits of the Method

The method is interpretive. The choice of works and the grouping of approaches reflect the judgement of the author, and the study is not a systematic review with a formal search protocol. The consequences of this are discussed in the last subsection of the Discussion.

RESULTS

1. The concept of tax: approaches to definition

In defining the concept of tax, three approaches can be distinguished: **economic**, **legal** and **socio-political**.

In the economic approach, tax is understood as a form of mobilization by the state of part of the gross domestic product into centralized monetary funds. From this point of view, the main characteristic of tax is its role in transferring resources from the private sector to the public sector.

In the legal approach, tax is defined as a payment that is compulsory, legally established, non-refundable and not requiring direct compensation, made in the manner established by legislation. In most national legislations, including the Tax Code of Uzbekistan compulsoriness, individual gratuitousness

(absence of individual compensation), monetary form and payment to the state or local budgets are indicated as the main features of tax [7].

In the socio-political approach, tax is interpreted as an expression of the mutual relations between citizens and the state, that is, as a sign of civic duty and responsibility to society. This approach requires understanding tax not merely as a technical-financial category but as an expression of social agreement and trust.

Generalizing these approaches, tax can be defined as follows: **tax is a monetary payment collected by the state (local authority) from natural and legal persons on the basis of law, in a compulsory, non-refundable manner and without requiring direct compensation, in order to finance public needs and to implement economic and social policy.**

It is also important to distinguish tax from other compulsory payments. Fines and sanctions have the character of punishment for an offense, while state duties and fees are collected when a particular service or legal action is provided, that is, they contain an element of direct compensation. Tax, by contrast, is not based on such direct exchange [8].

2. Theoretical approaches explaining the essence of tax

2.1. Benefit (exchange) theory

According to this theory, tax is the "price" that citizens pay for the services provided by the state and for public goods. The more benefit the taxpayer receives, the more tax he or she should pay. The roots of the theory go back to the works of Smith, Wicksell and Lindahl. Its main advantage is that it ensures a link between taxes and public expenditure. Its shortcomings are the difficulty of determining the individual amount of use of public goods, the impossibility of excluding individual consumers from them (the free-rider problem), and its inability to explain the redistributive task. For this reason, the benefit principle is in most cases applied to earmarked payments such as special fees, environmental payments and road funds.

2.2. Ability-to-pay theory

According to this theory, the tax burden should be distributed in proportion to the taxpayer's economic capacity, that is, his or her income, wealth or consumption. Two aspects of equity are distinguished: **horizontal equity**, whereby persons with equal economic capacity pay equal taxes, and **vertical equity**, whereby persons with greater capacity pay relatively more tax. Progressive income tax is the practical expression of the principle of vertical equity. The shortcomings of the theory lie in the complexity of precisely measuring "ability to pay" and in the possibility that taxes may adversely affect incentives to work and to save. Debates continue as to which measure, whether income, consumption or wealth, is more equitable [9].

2.3. Social contract concept

According to this approach, tax is the result of a social contract between citizens and the state: citizens consent to hand over part of their income to the state in return for security, order and public services. The public choice school developed this idea, emphasizing that tax should be determined within an agreement at the constitutional level and that the state should not abuse its powers. From this point of view, tax discipline depends not only on coercion but also on trust in institutions.

2.4. Keynesian approach

J. Keynes considered tax not only as a means of securing budget revenue but also as an instrument for managing aggregate demand. In a period of economic downturn, reducing taxes stimulates demand and employment, while in a period of high inflation, increasing the tax burden restrains demand. This approach theoretically substantiated the macroeconomic stabilization function of tax. Its limitations are related to the lags of tax policy, the neglect of the role of expectations, and the burden of budget deficits [10].

2.5. Neoclassical and supply-side approach

In this approach, taxes are assessed as a factor distorting economic incentives. High rates weaken labor supply, investment and entrepreneurial activity, and the tax base shrinks. The concept of "deadweight loss" reflects the welfare lost by the private sector because of tax. For this reason, it is held that the tax system should be as neutral, low-rate and broad-based as possible. In practice, this idea has found expression in the policy of lowering tax rates and broadening the base.

2.6. Institutional approach

Institutional theory views tax not only as an economic institution but as one that is historically and culturally formed. The form of tax, administrative capacity and tax culture are determined by the country's historical development. In Schumpeter's view, the tax system is a mirror of the evolution of the state and society. This approach is important in explaining the limitations of mechanically copying a tax system from other countries.

2.7. Normative theory of optimal taxation

Ramsey, Mirrlees and their followers posed the problem of designing a tax system from the standpoint of maximizing social welfare. The main question here is the quantitative analysis of the trade-off between efficiency and equity. It was shown that optimal rates depend on the elasticity of labor supply, the distribution of income and the social welfare function. The theory serves the scientific substantiation of tax policy; however, its results are sensitive to the assumptions made and do not fully take administrative capacity into account [11].

A comparative description of the above approaches is summarized in Table 1.

Table 1. Comparative characteristics of the theoretical approaches to the essence of tax

Approach	Essence of tax	Main principle	Limitation
Benefit theory	The "price" of public services	Payment corresponding to the amount of benefit received	Individual measurement of benefit is difficult
Ability to pay	Burden proportional to capacity	Horizontal and vertical equity	Measuring ability is complex; weakens incentives
Social contract	Agreement between citizen and state	Consent and legitimacy	Practical measures and criteria are not clear
Keynesian	Instrument of demand management	Stabilization	Policy lags, deficit
Supply-side	Factor distorting incentives	Neutrality, low rates	Ignores redistribution
Institutional	Historically formed institution	Fit with context	Does not provide

			universal rules
Optimal taxation	Instrument for maximizing welfare	Balance of efficiency and equity	Sensitive to assumptions

Source: compiled by the author.

3. The economic and social essence of tax

On the basis of the above analysis, the essence of tax can be revealed through several interrelated aspects.

Firstly, tax is an expression of **distributive relations**. Through taxes, part of the gross domestic product and national income that has been created passes into the disposal of the state and is redistributed through the budget system. This aspect of tax denotes its distributive character in monetary form [12].

Secondly, tax rests on the basis of **coercion and legality**. The state exercises the right to impose taxes as a sovereign authority; however, this right must be limited by law and the rights of the taxpayer must be protected. The principle of legality is linked to the idea of "no taxation without representation."

Thirdly, tax is **non-refundable and directly uncompensated** in character; that is, there is no direct link between the amount of tax paid by the taxpayer and the amount of service received. At the general level, however, taxes return to society in the form of public goods, which expresses the "collective compensation" feature of tax.

Fourthly, tax is a factor shaping **economic incentives**. By changing relative prices, incomes and costs, it influences the consumption, saving, labor and investment decisions of economic agents. In this sense, tax is not neutral at one and the same time: every tax stimulates or restricts a certain behavior.

Fifthly, tax is an instrument of **social agreement and trust**. Transparent, equitable and efficient spending of taxes increases the voluntary discipline of taxpayers; otherwise, tax evasion and the informal economy grow.

Generalizing these aspects, the essence of tax can be defined as follows: **tax is a distributive relation relying on the coercive power of the state, which serves the welfare of society by financing public goods and regulating economic behavior.**

4. Functions of tax: classification and analysis

The function of tax is understood as the mode of action that manifests the essence of tax in practice and determines its role in society. In the literature there are different approaches to the number and naming of functions: some authors distinguish two (fiscal and regulatory), others three (fiscal, distributive, control), or four to five functions. According to Musgrave's classification, the functions of public finance are: allocation of resources, redistribution of income, and stabilization of the economy. In this study, the following five functions were taken as the basis [13].

4.1. Fiscal function

The primary and historically oldest task of tax is the formation of the financial resources of the state. Through the fiscal function, budget revenues are ensured and the possibility of financing state tasks is created. The effectiveness of the fiscal function is assessed by the stability and predictability of tax revenues and by low administrative costs. In modern states, the ratio of tax revenues to GDP is considered an

important indicator of the state's resource capacity.

4.2. Distributive (redistributive) function

Taxes are a powerful means of changing the distribution of income and wealth. Together with progressive taxation, social tax preferences and transfers, they serve to reduce inequality. This function is directly connected with the ability-to-pay theory and the idea of social justice. At the same time, excessive redistribution can weaken incentives to work and to engage in entrepreneurship; therefore, its extent should be balanced against the requirements of efficiency.

4.3. Regulatory function

Through tax, the state influences economic processes: a guiding influence is exerted on the formation of the structure of production, consumer behavior, foreign trade and employment. Pigouvian taxes are a classic example of regulating negative externalities (for example, pollution). Excise taxes are aimed at restricting harmful consumption, and environmental taxes at protecting the environment. In the Keynesian approach, the regulatory function also includes macroeconomic stabilization [14].

4.4. Stimulating function

This function is a distinct form of regulation and is aimed at supporting investment, innovation, exports and the establishment of new enterprises through preferences, tax holidays, accelerated depreciation and reduced rates. The effectiveness of the stimulating function should be measured by the targeted nature of the preferences and by the ratio of budget costs to the result obtained. Broad preferences without control may erode the tax base and create new distortions.

4.5. Control function

Through taxes, the state exercises control over the financial activity of economic entities and over the formation and expenditure of income. Tax accounting and reporting are an important source of information about economic processes, and tax authorities are an institution ensuring the transparency of economic activity. Digital technologies, electronic invoices and online cash register systems are dramatically expanding the capabilities of this function.

Interrelationship of the Functions

While the functions complement one another, they sometimes also come into conflict with one another. For example, raising rates in order to strengthen the fiscal function may weaken the stimulating function. High progression for the purpose of redistribution affects incentives to work. Expanding preferences weakens the fiscal function. Therefore, the task of tax policy is to find an optimal balance among these functions. Optimal tax theory makes it possible to analyze precisely these trade-offs quantitatively.

5. Summary of the results

The analysis gives four main results. First, the economic, legal and socio-political approaches to the definition of tax lead to one generalized definition, in which tax is a monetary, compulsory, non-refundable payment without direct compensation, collected on the basis of law to finance public needs and to implement economic and social policy. Second, each of the seven theories explains one side of the essence of tax and has its own limitation (Table 1); none of them is sufficient alone. Third, the essence of tax has five interrelated aspects: distributive relations, coercion and legality, absence of direct compensation, influence on economic incentives, and social agreement and trust. Fourth, tax has five functions, fiscal, distributive,

regulatory, stimulating and control, and each of them has its own purpose, instruments, criterion of effectiveness and source of tension with the others (Table 2).

Table 2 shows that the tensions between the functions are systematic and not accidental. Raising rates to strengthen the fiscal function can weaken the stimulating function; strong progression for redistribution affects incentives to work; and broad preferences, introduced to stimulate, erode the tax base and thereby weaken the fiscal function. The control function is the exception: no conflict with other functions was found in the analysis, and its capability depends mainly on digital administration.

Table 2. Functions of tax: purpose, instruments, criterion of effectiveness and main tension

Function	Purpose	Main instruments	Criterion of effectiveness	Main tension
Fiscal	Formation of the financial resources of the state	Tax revenues; tax-to-GDP ratio as an indicator	Stability and predictability of revenues; low administrative costs	Higher rates may weaken stimulation; wide preferences weaken the fiscal function
Distributive	Change in the distribution of income and wealth; reduction of inequality	Progressive taxation, social tax preferences, transfers	Reduction of inequality balanced against efficiency	Excessive redistribution weakens incentives to work and to engage in entrepreneurship
Regulatory	Influence on the structure of production, consumer behavior, foreign trade and employment	Pigouvian taxes, excise taxes, environmental taxes	Correction of negative externalities; macroeconomic stabilization	Tax is never neutral: every tax stimulates or restricts a certain behavior
Stimulating	Support of investment, innovation, exports and new enterprises	Preferences, tax holidays, accelerated depreciation, reduced rates	Targeted preferences; ratio of budget costs to the result obtained	Broad preferences without control erode the tax base and create new distortions
Control	Control over the financial activity of economic entities and over the formation and use of income	Tax accounting and reporting, electronic invoices, online cash registers	Transparency of economic activity	No conflict identified; capability depends on digital administration

Source: compiled by the author on the basis of subsection 4.

DISCUSSION

The results are interpreted in this section: first in the light of modern developments in taxation, then as an integrative approach, then in comparison with the existing literature, and finally with regard to practical implications and limitations.

6. Evolution of the essence and functions of tax under modern conditions

In recent decades, the following new aspects have acquired important significance in interpreting the essence and functions of tax.

Digitalization

Digital services, the platform economy and crypto-assets require reconsideration of the concepts of the object of taxation, the tax base and the place of taxation. At the same time, digital technologies significantly strengthen tax administration and the control function [15].

Globalization and tax competition

The mobility of capital and profit has intensified tax competition among states. This situation places national-level limits on the performance of the fiscal and redistributive functions of tax and calls for international coordination.

Environmental and sustainable development objectives

Climate change and the need to conserve resources have increased the importance of environmental taxes and "green" fiscal policy. This is bringing the regulatory function of tax to a new stage.

The problem of inequality

The growth of income and wealth inequality has revived scientific and political debates on the redistributive function and on wealth taxation.

Behavioral approach

Behavioral economics has shown that the decisions of taxpayers are not always based on rational calculation and that tax discipline is also influenced by social norms, trust and perceived fairness. This strengthens the socio-psychological aspect of the essence of tax [16].

The effect of these developments on the essence and functions of tax is summarized in Table 3.

Table 3. Contemporary developments and their effect on the essence and functions of tax

Development	Main effect	Function or aspect most affected
Digitalization	Reconsideration of the object of taxation, the tax base and the place of taxation; stronger tax administration	Control function
Globalization and tax competition	National limits on the performance of the fiscal and redistributive functions; need for international coordination	Fiscal and distributive functions
Environmental and sustainable development objectives	Greater importance of environmental taxes and “green” fiscal policy; regulatory function reaches a new stage	Regulatory function
Problem of	Revived debate on redistribution and wealth	Distributive function

inequality	taxation	
Behavioral approach	Tax discipline influenced by social norms, trust and perceived fairness	Socio-psychological aspect of the essence of tax

Source: compiled by the author.

These changes show that a one-sided approach to tax, for example, viewing it only as a source of budget revenue, is insufficient. Modern tax policy requires a complex balance among fiscal objectives, economic efficiency, social equity, administrative capacity and institutional trust.

7. Integrative approach: a conceptual model for interpreting the essence and functions of tax

According to the results of the analysis, no single theory can fully explain all aspects of tax. The benefit theory sheds light on the link between tax and state services, the ability-to-pay theory on equity, the social contract on legitimacy and trust, the Keynesian approach on macroeconomic stability, the supply-side theory on economic incentives, the institutional approach on historical context, and optimal tax theory on quantitative balance. Thus, they do not negate one another but, on the contrary, reveal different facets of tax.

The integrative approach proposed on this basis rests on the following four principles:

- **multidimensionality:** tax is studied simultaneously as an economic, legal, social and political category;
- **harmony of functions:** the fiscal, distributive, regulatory, stimulating and control functions are viewed as a single system, and the trade-offs among them are assessed precisely;
- **fit with context:** the tax system is designed in accordance with the country's level of development, institutional capacity and historical traditions;
- **empirical grounding:** tax policy decisions rely on theoretical models and empirical evidence, including the analysis of administrative data.

This approach is especially important for countries with transition economies such as Uzbekistan. The reforms of recent years on simplifying the tax system, reducing the tax burden, broadening the base and introducing digital administration have made the task of ensuring a balance among fiscal sustainability, stimulation and tax discipline pressing.

8. Comparison with the existing literature

The results are consistent with the division of tax theory into a positive and a normative stream, and they develop it. The finding that no single theory explains every aspect of tax agrees with the observation of Buchanan and Musgrave that public finance can be understood through two contrasting visions of the state: the view that underlies Musgrave's functions of public finance and the optimal taxation models, and the public choice view, which stresses constitutional limits on the powers of the state. This study treats the two views as complementary and not as rivals, since they explain different aspects of the purpose and the legitimacy of tax.

The five functions used here extend Musgrave's three functions, allocation, redistribution and stabilization. The fiscal function corresponds to the mobilization of resources and the distributive function to redistribution, while the regulatory function covers allocation (for example, the correction of externalities) and stabilization. The stimulating and control functions are separated because preferences and

digital administration are important in tax policy practice and have their own criteria of effectiveness (Table 2). The trade-offs between the functions are analyzed quantitatively in the theory of optimal taxation; this article does not quantify them but shows where they arise.

The principles of the integrative approach are also consistent with contemporary studies. The dependence of optimal rates on elasticities supports the principle of empirical grounding, the aim of Mankiw, Weinzierl and Yagan to bring theory closer to policy is the aim of the principle of fit with context, and the role of trust and social norms shown by the behavioral approach is consistent with the social contract concept and with the institutional view of tax culture.

9. Practical implications for Uzbekistan

The integrative approach is of particular interest for a transition economy such as Uzbekistan, where recent reforms have simplified the tax system, reduced the tax burden, broadened the base and introduced digital administration. Four conceptual implications follow from the analysis. First, a reform should be assessed against all five functions at the same time and not only by its effect on budget revenue, because Table 2 shows that a gain in one function is often paid for in another. Second, preferences should be judged by the criteria of the stimulating function, that is, by their targeting and by the ratio of budget costs to the result obtained, in order to avoid erosion of the tax base. Third, digital administration strengthens the control function, which may help to maintain fiscal sustainability while rates are reduced and the base is broadened. Fourth, transparent and efficient use of tax revenue supports voluntary tax discipline, so trust should be treated as part of tax policy and not only as its result. The institutional approach adds that foreign tax systems cannot be copied mechanically. These implications are conceptual and have not been tested empirically [17].

10. Limitations and directions for further research

The study has several limitations. It is theoretical and does not test the integrative approach on data. The selection of sources is not a systematic review; it relies mainly on classical and international works, and national scholarly literature on taxation in Uzbekistan is not covered beyond the Tax Code. The classification of five functions is one of several possible, as the literature distinguishes from two to five functions, and the trade-offs between functions are described but not measured.

Further research should (i) assess quantitatively the effectiveness of each tax function, (ii) study empirically how tax culture and trust affect tax discipline, and (iii) test the integrative approach on the tax system of Uzbekistan, for example by evaluating a specific reform against the five functions and the four principles proposed here.

Conclusion

The article analyzed theoretical approaches to the concept, essence and functions of tax, and the following conclusions were reached.

- The concept of tax has economic, legal and socio-political aspects. According to the generalized definition, tax is a monetary payment collected on the basis of law in a compulsory, non-refundable and directly uncompensated manner, which serves to finance public needs and to implement economic and social policy.

- The main theories explaining the essence of tax (benefit, ability to pay, social contract, Keynesian, supply-side, institutional and optimal tax) do not negate one another but reveal different facets of tax. The full essence of tax cannot be explained through a single theory.
- The fiscal, distributive, regulatory, stimulating and control functions of tax are interrelated and may at the same time stand in a conflicting relationship. The effectiveness of tax policy depends on finding an optimal balance among these functions.
- Digitalization, globalization, environmental objectives, inequality and the behavioral approach are shaping new requirements in interpreting the essence and functions of tax.
- An integrative interpretation of the essence of tax, that is, an approach based on the principles of multidimensionality, harmony of functions, fit with context and empirical grounding, ensures harmony between tax theory and practice.

In future research, it is advisable to quantitatively assess the effectiveness of tax functions, to empirically study the effect of tax culture and trust on tax discipline, and to test the practical application of the proposed integrative approach using the example of the tax system of Uzbekistan.

REFERENCES

[1] F. P. Ramsey, 'A Contribution to the Theory of Taxation', *The Economic Journal*, vol. 37, no. 145, pp. 47–61, 1927.
[2] A. C. Pigou, *A Study in Public Finance*. London: Macmillan, 1928.
[3] J. A. Mirrlees, 'An Exploration in the Theory of Optimum Income Taxation', *The Review of Economic Studies*, vol. 38, no. 2, pp. 175–208, 1971.
[4] A. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*. London: W. Strahan and T. Cadell, 1776.
[5] E. Lindahl, *Die Gerechtigkeit der Besteuerung*. Lund: Gleerup, 1919.
[6] K. Wicksell, *Finanztheoretische Untersuchungen*. Jena: Gustav Fischer, 1896.
[7] A. Wagner, *Finanzwissenschaft*. Leipzig: C. F. Winter, 1883.
[8] D. Ricardo, *On the Principles of Political Economy and Taxation*. London: John Murray, 1817.
[9] T. Piketty and E. Saez, 'Optimal Labor Income Taxation', in *Handbook of Public Economics*, vol. 5, A. J. Auerbach, R. Chetty, M. Feldstein, and E. Saez, Eds, Amsterdam: Elsevier, 2013, pp. 391–474.
[10] N. G. Mankiw, M. Weinzierl, and D. Yagan, 'Optimal Taxation in Theory and Practice', *Journal of Economic Perspectives*, vol. 23, no. 4, pp. 147–174, 2009.
[11] J. M. Buchanan and R. A. Musgrave, *Public Finance and Public Choice: Two Contrasting Visions of the State*. Cambridge, MA: MIT Press, 1999.
[12] R. of Uzbekistan, 'Tax Code of the Republic of Uzbekistan'. 2019. [Online]. Available: https://lex.uz/
[13] J. A. Schumpeter, 'The Crisis of the Tax State', *International Economic Papers*, no. 4, pp. 5–38, 1954.
[14] J. M. Keynes, *The General Theory of Employment, Interest and Money*. London: Macmillan, 1936.
[15] P. A. Samuelson, 'The Pure Theory of Public Expenditure', *The Review of Economics and Statistics*, vol. 36, no. 4, pp. 387–389, 1954.
[16] R. A. Musgrave, *The Theory of Public Finance: A Study in Public Economy*. New York: McGraw-Hill, 1959.
[17] E. Saez, 'Using Elasticities to Derive Optimal Income Tax Rates', *The Review of Economic Studies*, vol. 68, no. 1, pp. 205–229, 2001.