



ELIT

Economic Laboratory Transition  
Research Podgorica

## Montenegrin Journal of Economics

For citation:

Nessipbay, O., Tagabay, B., Serikova, M., Zhagyparova, A., Basshieva Z., Sembiyeva, L. (2024), "Analysis of the Impact of tax Administration on the Balance of the State Budget in the Context of the Country's Economic Development", *Montenegrin Journal of Economics*, Vol. 19, No. 3, pp. 235-246.

### Analysis of the Impact of tax Administration on the Balance of the State Budget in the Context of the Country's Economic Development

OLZHAS NESSIPBAY<sup>1</sup>, BEKBOLAT TAGABAY<sup>2</sup>, MADINA SERIKOVA<sup>3</sup>,  
AIDA ZHAGYPAROVA<sup>4</sup>, ZHANGUL BASSHIEVA<sup>5</sup> and LYAZZAT SEMBIYEVA<sup>6</sup>

<sup>1</sup> PhD student, L.N. Gumilyaov Eurasian National University, Astana, Kazakhstan, e-mail: nessipbayom@gmail.ru, ORCID: 0000-0001-5610-400X

<sup>2</sup> PhD student, L.N. Gumilyaov Eurasian National University, Astana, Kazakhstan, e-mail: tagabai.bekbolat@mail.ru

<sup>3</sup> PhD, L.N. Gumilyaov Eurasian National University, Astana, Kazakhstan, e-mail: madina2281@mail.ru, ORCID:0000-0002-9832-8885

<sup>4</sup> Associate Professor, L.N. Gumilyaov Eurasian National University, Astana, Kazakhstan, e-mail: Zhagyparova\_Aida@mail.com, ORCID:0000-0003-4792-9450

<sup>5</sup> Candidate of Economic Sciences, Aktobe, Kazakhstan, e-mail: ainuraphd@mail.ru, ORCID:0000-0002-7975-8791

<sup>6</sup> Professor, L.N. Gumilyaov Eurasian National University, Astana, Kazakhstan, e-mail: sembiyeva@mail.ru, ORCID:0000-0001-7926-0443

---

#### ARTICLE INFO

---

Received July 30, 2023

Revised from August 29, 2023

Accepted September 29, 2023

Available online July 15, 2024

---

**JEL classification:** G31, G32, G38

**DOI:** 10.14254/1800-5845/2024.20-3.17

**Keywords:**

balance,  
tax administration,  
taxes,  
economic growth,  
state budget financial mechanism

---

---

#### ABSTRACT

---

*The study of the impact of tax administration on the balance of the state budget of the Republic of Kazakhstan is an urgent and important task that helps to optimize budget processes, ensure economic stability and promote the sustainable development of the country. In recent years, the Republic of Kazakhstan has faced the problem of a budget deficit due to the instability of world prices for oil and other economic forces. A study on the impact of tax administration will help identify problem areas and suggest measures to improve the balance of the budget and eliminate the deficit. Effective tax administration ensures revenue stability, which allows the government to plan and implement social programs, infrastructure projects and other important initiatives, helping to attract investment, develop entrepreneurship and overall economic growth. The aim of the study is to analyze the impact of tax administration on the balance of the state budget in the context of the country's economic development.*

---

#### INTRODUCTION

The state budget, being the main means of mobilizing and spending state resources, gives political power a real opportunity to influence the economy, finance its restructuring, stimulate the development of priority sectors of the economy, and provide social support. With the help of the budget, the state combines the centralized and local interests of the regions through the distribution of taxes, budget subsidies, transfers, and as an economic document, the budget reflects the political and social dynamics of society. The

influence of macroeconomic aspects on the formation of the budget of the Republic of Kazakhstan is obvious, since the economic significance of the budget lies, first of all, in the fact that it affects social and economic processes through the system of income (taxes), the volume and direction of financial resources - business activity, employment, market capital equipment and consumer goods, the volume of the gross national product. The study of the impact of tax administration on the balance of the state budget of the Republic of Kazakhstan is of high relevance for several reasons:

A. Economic stability is manifested in the fact that tax revenues are the main source of financing for the country's budget. Effective tax administration ensures revenue stability, which allows the government to plan and implement social programs, infrastructure projects and other important initiatives. In turn, economic stability contributes to attracting investment, developing entrepreneurship and overall economic growth. The relationship between these factors is expressed in the following aspects:

- income growth - economic stability contributes to economic growth and an increase in total income, which, in turn, increases tax revenues to the budget. In a stable and growing economy, tax revenues from businesses and individuals are also on the rise, helping to improve the balance of the budget;
- reducing the budget deficit. During periods of economic growth and high stability, the government can receive more tax revenue, which reduces the need for borrowed funds and reduces the debt burden on the budget;
- stimulating investments - attracting investors who see prospects for the development of their businesses in the country. This contributes to an increase in investment and the creation of new jobs, which, in turn, increases tax revenues to the budget;
- improvement of tax discipline. During periods of prosperity, companies and citizens are more likely to comply with tax laws and obligations, which contributes to increased collections to the budget;
- effective management of resources and their distribution in accordance with the priorities of the country. This contributes to more efficient tax administration and a more balanced use of public funds.

B. The budget deficit arises from the instability of world oil prices and other economic factors. A study of the impact of tax administration will help identify problem areas and propose measures to improve the balance of the budget and eliminate the deficit. A budget deficit in tax administration can occur for various reasons:

- Insufficient tax revenues. When the economy is not growing or growing slowly, tax revenues can be reduced due to low business activity and lower business profits and personal income, which can lead to budget deficits as the state receives less money from taxes;
- imbalance of the tax system. If the tax system is inefficient or unfair, it may not generate sufficient tax revenue. For example, tax rates that are too high or the wrong tax breaks can result in companies and individuals paying less taxes than they should under an optimal tax system;
- insufficient efficiency of tax administration. If the tax authorities fail to collect taxes efficiently, for example, due to corruption, lack of automation or incorrect recording of tax liabilities, this can lead to budget losses.

A budget deficit in tax administration can create problems for public finances and the economy as a whole. It can lead to an increase in government debt, inflation, and a reduction in social programs and investments. Therefore, effective tax administration and a stable tax system are important aspects for ensuring the financial stability of the state.

C. Increasing the efficiency of tax collection helps to reduce unjustified losses and leakages in the budget, as well as provide the government with additional resources for the implementation of priority projects and programs.

D. The relevance of the study is also related to the need to reduce the tax burden on businesses and citizens. This can be implemented through various measures aimed at reducing tax rates, providing tax incentives or reducing the number of tax liabilities. Reducing the tax burden can have several goals:

- encouragement of entrepreneurship and investment. Reducing tax rates or providing tax incentives can encourage entrepreneurs and companies to increase investment in the economy. This can help create new jobs and stimulate economic growth;
- Improving the business climate. Lower tax rates and a simplified taxation system can make the business environment more attractive to entrepreneurs and investors. This can attract more foreign investment and promote local business development.
- support for small and medium businesses. Reducing the tax burden for small and medium-sized enterprises can help them survive and thrive in the market, especially during periods of economic instability
- promoting social justice: Reducing the tax burden on the poorest segments of the population can help improve their economic situation and reduce social inequalities.

However, reducing the tax burden can also affect government revenues and its ability to provide social programs and infrastructure. Therefore, it is important to find a balance between reducing the tax burden and ensuring sufficient tax revenues to ensure the financial sustainability of the state. Effective tax administration also plays a key role in ensuring a balance between tax revenues and government budget expenditures.

E. Innovative development contributes to stimulating innovative development in the country. For example, significant tax incentives for investment in research and development, development of new technologies or cleaner production can help attract new investment and develop modern industries. Thus, the study of the impact of tax administration on the balance of the state budget of the Republic of Kazakhstan is an urgent and important task that will help optimize budget processes, ensure economic stability and promote the sustainable development of the country (Zhidebekkyzy et al., 2022; Zhidebekkyzy et al., 2023).

## 1. LITERATURE REVIEW

Over many stages of state development, as well as historical aspects in different countries, the same economic policy did not always lead to the same results, which ranged from serious successes and prosperity to failures and collapses of social reproduction. The most influential works on political economy, a later and economic theory, such as, Magazzino C. (2012), Barbiero O. (2013) paid due attention to the issues of economic growth, since the development of the economy is designed to ensure an increase in living standards with a constant population growth and, accordingly, the participation of the state. Nigo A. and Gibogwe V. (2023a, 2023b) studied the relationship between financial efficiency and economic growth and found a positive link based on a strong governance, rule of law, and property rights protection which are vital for encouraging efficient financial intermediation and investment.

In the context of the country's economic development, Azam M. et al. (2014) revealed that the presence of institutional investors, such as pension funds and insurance companies, can play a significant role, these entities often have long-term investment horizons, which can stabilize the market and promote capital formation. Public services affect most people in developed and emerging economies on a daily basis, as there is practically no area of our lives that is not affected in some way by public services. Therefore, knowledge of strategies to improve their performance is central to the good of society. A group of leading scholars, Walker, R. M., Boyne, G. A. and Brewer, G. A. (2010), address some of the most pressing issues in public administration, political science, and public policy in a systematic review of the research literature on public administration and the performance of public institutions. It is an important resource for public administration researchers, policy makers and practitioners who want to understand the state of affairs in this area and the challenges they face.

According to Sri Rahayu, Yudi & Rahayu Collins, G. Ntim (2020), the total socio-economic effect from the implementation of government programs, which is achieved through structural changes in the economy, can be used as an indicator of effectiveness. At the same time, government spending can be considered as long-term investments. Government performance can be measured in various ways, including economic development and the growth of new businesses and new jobs (Ruzzene, 2016), GDP, poverty and

economic independence (Hutapea & Widyaningsih, 2017). Alternatively, you can also use results-oriented approaches such as value for money or efficiency, efficiency, economic performance and financial performance (Basri & Nabiha, 2014; Sutopo et al., 2017). Sutopo B., Wulandari T.R., Adiati A.K., Saputra D.A. (2017) describe the audit of the effectiveness of the use of public resources as a modern form of financial control, which allows you to review the validity and rationality of the use of budgetary funds. According to Semenenko A.M. (2019), in order to improve the process of carrying out activities aimed at coordinating and cooperating with regard to the inefficient use of state resources in order to prevent violations at an early stage, state audit is necessary. Pavlyukova A.O., Lozitskaya O.I. (2018) they believe that focusing on the final recipient, improving information interaction, applying a risk-based approach, focusing on the analysis of the organization and functioning of the financial management of control objects are quite debatable issues when setting the task of improving state financial control, each of which requires a deeper study.

The system for evaluating the activities of state bodies as a whole contributes to the improvement of internal processes in them, organizational development and growth in the efficiency of their activities (Kapoguzov & Suleimenova, 2017). The state forms and corrects budgetary relationships, directions and channels of budgetary flows, thereby influencing the processes of budgetary relations. It changes the principles, methods, methods of formation of budget revenues and expenditures, ensuring the regulation of the country's budget system (Shkolnyk et al., 2021; Sun et al., 2023; Yin et al., 2023). It becomes especially important to realize that the basic principles of the state budget policy are formed precisely at the republican level. To this end, when using a combination of various financial instruments, the distribution of state revenues is carried out between subjects of the same level, and between the center, regions and local authorities. Their application is aimed at equalizing the levels of budgetary security and, accordingly, budgetary sustainability.

For example, fiscal and monetary policy as one of the tools of macroeconomic regulation, by increasing taxes, the state increases the burden on the business sector and the population, thereby changing the standard of living of the population or certain groups of the population. Reducing or raising taxes is used as a mechanism for regulating a certain area of economic activity. And an increase in spending on education and medicine will lead to an increase in the standard of living of the population, the level of education and healthcare. However, such a connection is manifested under the condition of efficient spending of budgetary funds and the absence of corruption.

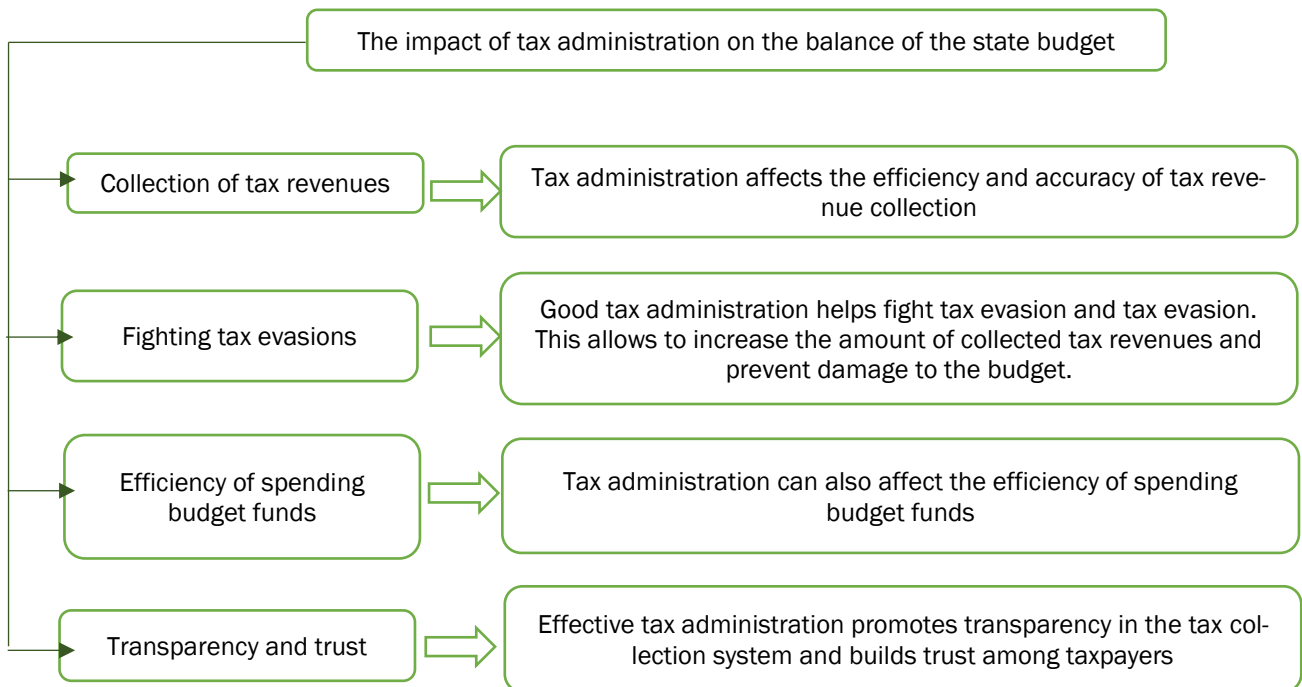
When determining the forms of regulation of interbudgetary relations, the tax potential of each level of budgets, the results of assessing the objective budgetary needs of the regions, budgetary norms and uniform standards for providing public services to the population of the regions are taken into account. The complex goal of budgetary management in Kazakhstan is to establish clear links between strategic plans and budgetary processes. The considered directions and instruments of budgetary policy influence on macroeconomic stability allow us to speak about their close relationship and multiple-valued impact on economic processes, which raises the question of the consistency and priorities of budgetary policy, the need for the integrated use of various tools for its implementation, coordination with the monetary and tariff policy of the state (Khanafina, 2016; Ashirbekova et al., 2023).

## 2. MATERIALS AND METHODS

Tax administration plays an important role in ensuring the balance of the state budget. Effective tax administration enables the government to collect sufficient revenues to fund various programs and services, as well as pay government obligations. At the same time, poorly organized tax administration can lead to budget deficits, insufficient revenues and inefficient use of public resources. The impact of tax administration on the balance of the state budget can be viewed from several points of view (Figure 1).

Analyzing Figure 1, it should be noted that effective tax administration systems provide stable and stable tax revenue streams, which contribute to a balanced budget and ensure the financial stability of the state. When taxes are collected accurately and on time, the government can receive sufficient revenue to finance its programs and projects. This helps to maintain a balanced budget and avoid deficits, which contributes to the stability of the economy.

Good tax administration helps fight tax evasion and tax evasion, which increases the amount of tax revenue collected and prevents damage to the budget. When tax revenue is collected effectively and in sufficient volume, the government can more effectively finance various programs and projects aimed at development the economy and the social sector. For example, the government may set tax rates that encourage investment, promote job creation, or support certain industries. This allows the government to actively participate in the formation of economic policy and ensure its balanced development.



**Figure 1.** The impact of tax administration on the balance of the state budget

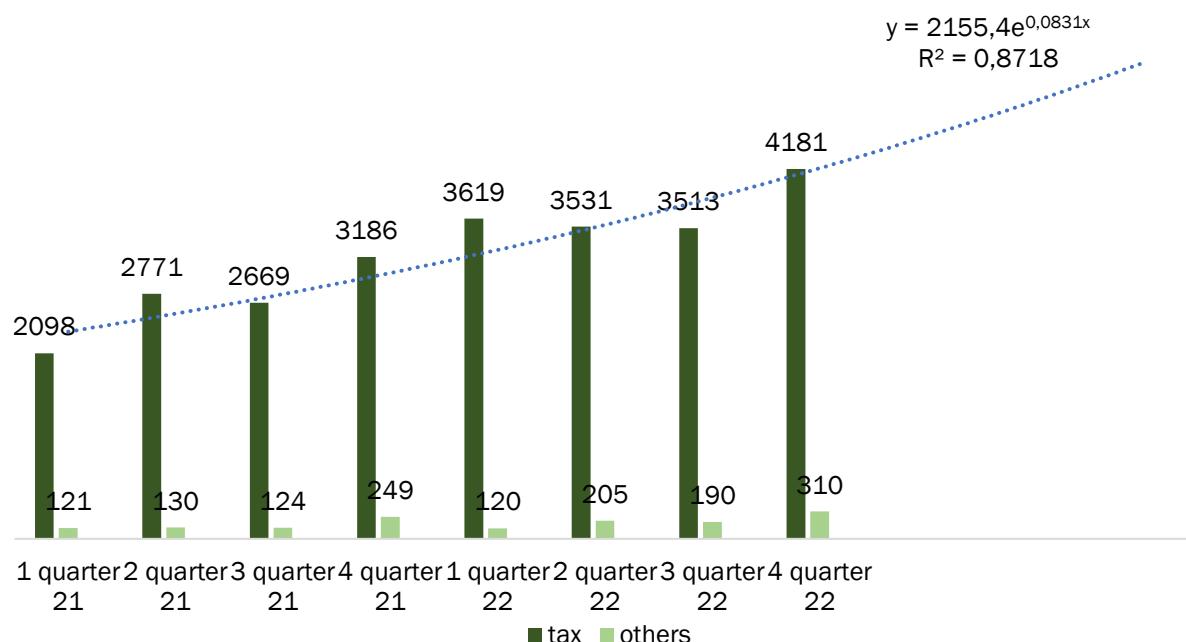
Source: Compiled by the author

Effective tax administration promotes transparency in the tax collection system and builds trust with taxpayers, which can lead to greater self-discipline in paying taxes and reduce the likelihood of violations, which has a positive impact on the budget. When tax rules are clear and predictable, investors are more likely to invest in the country's economy, which contributes to the growth of investment and economic development.

A well-organized tax administration helps to reduce the tax burden for entrepreneurs and innovative companies. This can stimulate entrepreneurial activity, promote the development of new technologies and innovations, which contributes to economic growth.

In general, a well-functioning tax administration plays a critical role in ensuring the balance of the state budget and the sustainable economic development of the country. This allows the government to effectively plan and implement its budgetary obligations, maintain economic stability and ensure the well-being of citizens, and also contributes to the sustainable development of the economy, attracting investment, supporting entrepreneurship and social infrastructure, which in turn contributes to the stability and prosperity of the country.

State budget revenues in 2022 increased by 10.4%, while revenues to the budget revenue increased sharply in the last quarter, and the size of the transfer from the National Fund to the state budget, on the contrary, was at the minimum level for 2022. At the same time, state budget expenditures in 2022 increased by 29.7% qoq, while the size of the budget deficit expanded immediately by 1.6 trln. tenge (Figure 2).

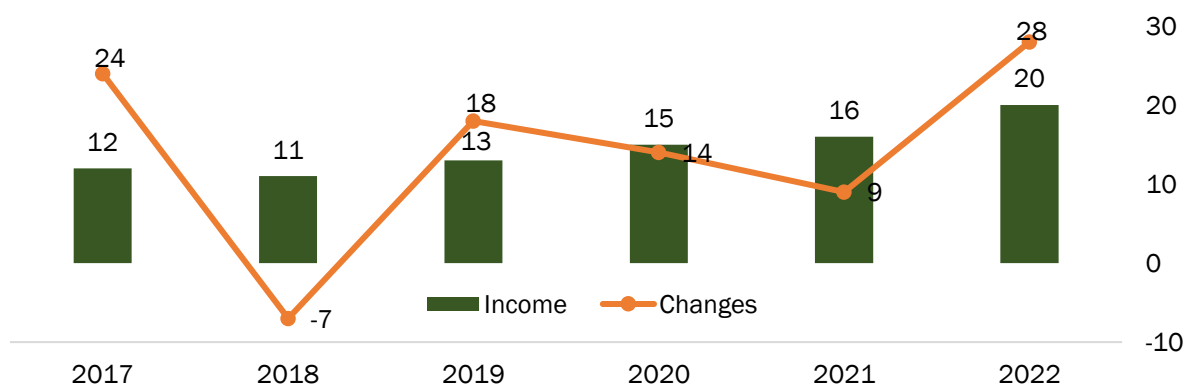


**Figure 2.** State budget revenues by quarters

Source: Compiled by the authors <https://halykfinance.kz/>

After two quarters of contraction, in 4 quarter 2022, state budget revenues excluding transfers from the NF increased immediately by 21.3% qoq (+10.4% qoq including transfers from the NF), and in annual terms their growth amounted to 30.7%. In general, in 2022, state budget revenues excluding transfers from the NF increased by 38.1% yoy to 15.7 trillion, while the growth rate was more than twice as high as in 2021 (+16.4%). Both tax and other payments contributed to the acceleration of budget revenue dynamics in 4 quarter 2022. Thus, tax revenues increased by 19% q/q (+31.2%), while other non-tax revenues increased by 63.2% q/q (+24.6%). The improvement in budgetary indicators occurred against the backdrop of an acceleration in economic growth from 2.5% yoy in 2022 to 3.2% in 2022 due to an increase in oil production and output dynamics in certain sectors of the republic.

A significant improvement in budget parameters in 2022. contributed to a record increase in oil revenues. In addition, against the backdrop of a favorable external price environment and the expansion of the fiscal impulse, the economy of the republic in 2022. maintained a relatively high growth momentum, which also had a positive impact on the budget revenues, which increased by 27.8% y/y compared to the expansion of expenditures by 19.9% y/y. (Figure 3).

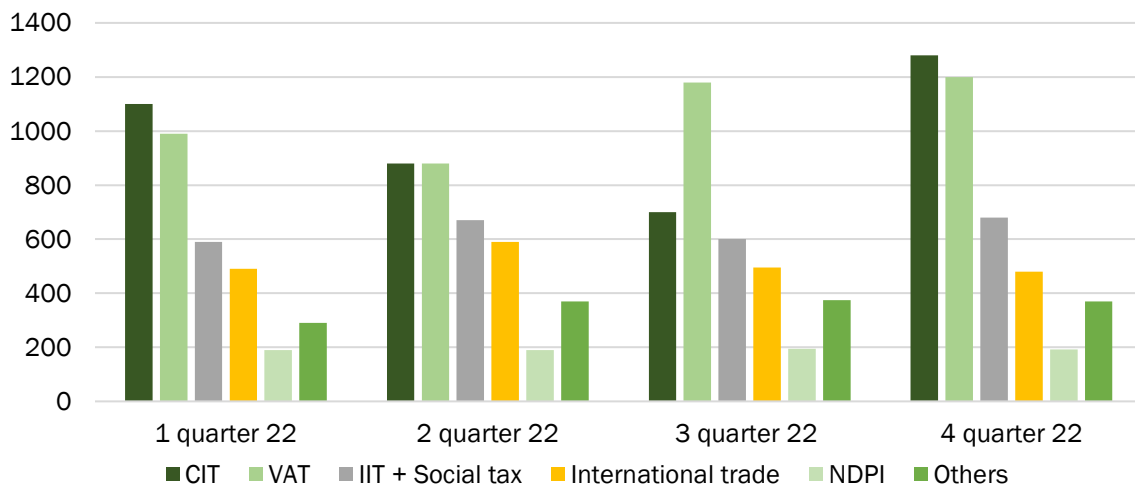


**Figure 3.** State budget revenues for 2017-2022, T trillion.

Source: Compiled by the authors <https://halykfinance.kz/>

Assessment and forecasting of macroeconomic stabilization parameters and their reflection in the budget policy of Kazakhstan plays an important role for the subsequent obtaining of predictive estimates of indicators of economic activity and inflationary processes, which allows assessing the impact of changes in tax policy on economic growth, pricing and is taken into account when making decisions in the field of monetary - credit policy.

In recent years, Kazakhstan has experienced a number of economic shocks that have seriously affected the budget and depleted the reserves of the National Fund. Among tax revenues in 4<sup>th</sup> quarter 2022 "distinguished" CIT. State budget revenues from CIT, after declining in the second and 3d quarters, increased by 83.7% q/q and by 17.8% y/y. As a result, over the past 2022, CIT payments increased by 40% to almost 4 trillion, demonstrating a record growth rate since 2005. As a result, the share of revenues from this type of tax in the structure of all tax revenues to the state budget reached 26.7% (26.4% in 2021) (Figure 4).



**Figure 4.** Tax revenues by quarters

Source: Compiled by the authors <https://halykfinance.kz/>

Such dynamics of CIT tax revenues was facilitated by the increased revenues of the raw materials sector and the continued positive dynamics of the republic's economic growth above 3% y/y. The pace of value added tax revenues remained uneven throughout the year. After a 12.4% decrease in the second quarter, its receipts increased by 34.4% in the third quarter, but in 4<sup>th</sup> quarter 2022 the growth dynamics slowed down to 3.3%. Total VAT receipts for 2022 amounted to 4.2 trillion, having increased by 50.5% y/y, and the share of receipts in the structure of all tax revenues was at the level of 28.5% compared to 26.2% in 2021.

Receipts of taxes and other obligatory payments from taxpayers to the budget are made through second-tier banks by sending electronic payment messages, which are sent to the Treasury Committee through the KISC payment system with the amounts of payments reflected in the TSA (Single Treasury Account). In the Treasury Committee, the Payment Transactions Department accepts payments, exports them to the IISK, and the Revenue Accounting Department carries out a further procedure for distribution between budgets (Figure 5).

It should be noted that the above-planned volume of tax revenues to the budget in 2022 formed thanks to the VAT. The amount of VAT receipts on domestically produced goods amounted to 1.6 trillion (1 trillion in 2021), while VAT receipts on imported goods amounted to 2.6 trillion (1.8 trillion in 2021). It should be noted that the increase in budget revenues from the import of goods in 2022 occurred due to an increase in their imports by almost 20% compared to 15% in 2021.

About 30,000 payments are made daily, on average, 30,000 receipts are received daily from the Kazakhstan Interbank Settlement Center.

The influence of the financial mechanism on the economy and the social sphere is carried out, on the one hand, through the structure of the financial mechanism and the focus of its various parts on solving specific problems and achieving a real effect, on the other hand, through the number of financial resources generated in economic entities and the state and directed to satisfy the needs of society, the result of which is the level of GDP, as well as other financial indicators.

The relationship of budget administration with the financial system of the Republic of Kazakhstan is an important aspect of public finance management and ensuring the financial stability of the country. Budget administration covers the processes of formation, execution and control over the implementation of the budget, and the financial system of the Republic of Kazakhstan includes all financial institutions, mechanisms and tools that ensure the functioning of the country's financial system. The main aspects of the relationship between budget administration and the financial system of the Republic of Kazakhstan:

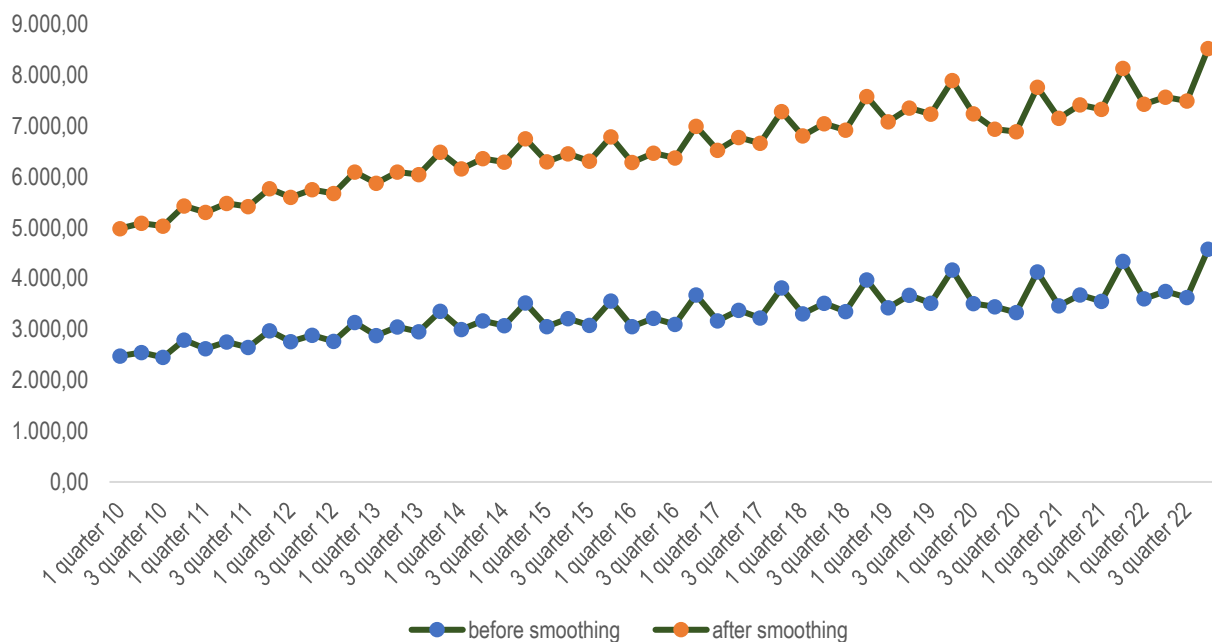
- Formation of the budget. Planning and budgeting is carried out taking into account the financial capabilities of the country. Budget revenues and expenditures are determined on the basis of economic analysis and forecasts of the country's financial condition. This takes into account tax revenues, subsidies, credit resources and other sources of financing.
- Budget execution. State revenues and expenditures are executed through the financial system of the Republic of Kazakhstan. Funds received for budget execution can be kept in accounts with the central bank or commercial banks, which allows to effectively manage cash flows and ensure timely financing of government programs and projects.
- Control and audit. Budget administration includes control over the use of public funds and audit of financial transactions. This ensures transparency and efficiency of financial processes in the budget execution system.
- Interaction with the banking system. The financial system of the Republic of Kazakhstan includes banks that act as intermediaries between the public sector and the population. Various budget programs and social benefits can be implemented through banking services, which facilitates and accelerates the distribution of funds and ensures their availability to citizens.
- Public debt management. The financial system plays a key role in public debt management. Budget administration takes into account payments on public debt and ensures its sustainability, minimizing the risks of overpayments and late payments.

In general, effective interaction between budget administration and the financial system of the Republic of Kazakhstan plays an important role in ensuring the financial stability of the country, sustainable economic development and social security of the population.

The stability of the country's economic growth, first of all, is manifested with the help of such indicators as GDP, GNP. In this regard, the author determined the forecast values of the GDP of the Republic of Kazakhstan for 2023 using a trend-seasonal model that will indicate the influence of the seasonal factor - the seasonal component, the results of which indicate minor changes, but, nevertheless, with a certain increase.

Let us determine the forecast values of the GDP of the Republic of Kazakhstan for 2023; for this, it is advisable to apply the trend-seasonal model. Since the influence of the seasonal factor can be traced in the dynamics of GDP, namely, in the fourth quarter of 2022, this indicator is higher than in the rest, then when forecasting, it is necessary to take into account the influence of the seasonal component. At the same time, the amplitude of seasonal fluctuations in our case tends to increase, therefore, for the forecast, we will apply a multiplicative model, which is built by multiplying the components (Figure 5).





**Figure 5.** Amplitude of seasonal GDP fluctuations in average annual prices, billion tenge

Source: Compiled by the authors <http://www.stat.gov.kz>

### 3. APPLICATION FUNCTIONALITY

The time series equation, taking into account seasonal fluctuations, is represented by the formula:

$$Y = T \cdot S \cdot E \quad (1)$$

where:

- Y – time series level
- T – trend component
- S – seasonal component
- E – random component.

The construction of a multiplicative model is reduced to the calculation of the values of T, S and E based on the actual indicators for the previous period, namely quarterly indicators of GDP volumes.

The forecasting process includes the following steps:

- Alignment of the original series by the four-term moving average.
- Calculation of the values of the seasonal component S.
- Removal of the seasonal component S from the initial levels of the series and obtaining leveled data ( $T \cdot E$ ).
- Analytical alignment of levels ( $T \cdot E$ ) and calculating T values using a linear trend equation.
- Calculation of the values obtained from the model ( $T \cdot E$ ).
- Error scoring to determine how well the model fits the original data.
- Building a forecast taking into account seasonal fluctuations.

Based on this plan, the seasonal components for each month were calculated (Table 1).

**Table 1.** Quarterly seasonal component

Quarter number	Seasonal component
1 Quarter	0,969
2 Quarter	0,998
3 Quarter	0,956
4 Quarter	1,076

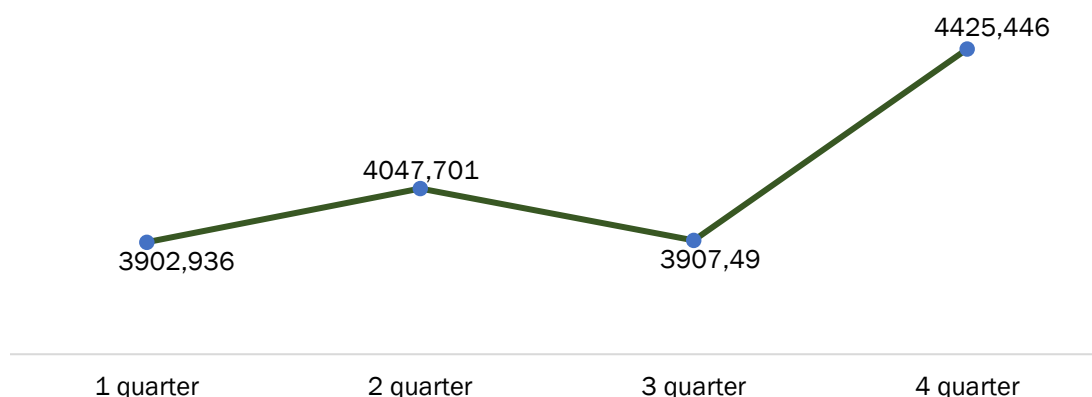
Source: Compiled by the authors

Next, a linear trend equation is constructed:

$$T = 2095,061 + 28,032t$$

To assess the quality of the constructed model, the sum of squared absolute errors was calculated  $R^2 = 0,96$ , which indicates that the multiplicative model explains 96% of the total variation in the levels of the time series.

Forecast values of GDP are determined as the product of the trend T and seasonal S components. To calculate the values of the trend component, the serial numbers of the quarters of the lead period were substituted into the linear trend equation. The resulting forecast values of GDP in 2023 are presented in Figure 6.



**Figure 6.** Forecast values of GDP by production method in average annual prices for 2023

Source: Compiled and calculated by the authors

In recent years, Kazakhstan has implemented significant and interrelated reforms in the field of public financial management. These reforms have been carefully considered and have resulted in significant improvements, bringing the country's public financial management system closer to international standards, in particular the budgetary management principles of the Organization for Economic Co-operation and Development (OECD). The most important changes have taken place in the following areas:

- Linkage between government strategic plans and spending programs has become stronger.
- Clear fiscal rules have been established to ensure long-term fiscal sustainability and create reserves for possible economic crises.
- Parliament is actively involved in the annual budgeting process, and the budget committee plays a key role in ensuring that sectoral committees participate in budget review in line with OECD best practice.
- Budget transparency has improved significantly and citizens have more opportunities to participate in the budget decision-making process. This was achieved by the introduction of the Open Budgets online portal and the creation of public councils.

- Kazakhstan moved to accrual accounting in line with international standards, which improved the quality and transparency of public finances.

In general, thanks to these measures, Kazakhstan was able to improve its public financial management system, bringing it closer to international standards and ensuring a more open and efficient budget process.

## CONCLUSION

Tax administration, the balance of the state budget and the system of public financial management are closely related and are important components of the financial stability and effective functioning of the state.

- Tax administration refers to the management of a country's tax system, including the collection, control and accounting of tax revenues. It plays a key role in providing the financial base of the state, since taxes are the main source of government revenue. Improving tax administration allows you to increase the collection of tax revenues, minimize tax evasion and reduce administrative costs. This improves the efficiency of the public financial management system and ensures the sustainability of the budget.
- The balance of the state budget means that the state revenues are sufficient to cover the costs. This is important for financial stability and avoiding budget deficits when spending exceeds income. In the event of a deficit, the state may face the problem of increasing public debt or reducing the quality of public services provided. A balanced budget ensures financial stability and the ability of the state to fulfill its obligations to society.
- The public financial management system includes the processes of planning, execution, control and audit of public financial operations. It ensures efficient and effective use of public resources, transparency in financial processes and reporting, and control over budget funds. A well-organized and efficient public financial management system contributes to achieving financial stability, improving the quality of life of the population and the economic development of the country.

The interaction of these three aspects plays a decisive role in ensuring the stability of the financial system of the state, the efficient use of resources and the achievement of social and economic goals. A balanced budget, efficient tax administration and a well-organized public financial management system contribute to the sustainable development and prosperity of the country.

## REFERENCES

- Ashirbekova, L., Sansyzbayeva, K., Zhidebekkyzy, A., Janus, A. (2023). "Managing the pandemic crisis: population-based survey to assess state support measures", *Economics and Sociology*, Vol. 16, No. 3, pp. 323-338. doi:10.14254/2071-789X.2023/16-3/17
- Azam, M., Khan, A.Q., Ștefănescu, L. (2014). "Determinants of stock market development in Romania", *Journal of Applied Economic Sciences*, Volume IX, Issue 4(30), pp. 561-564.
- Barbiero, O. (2013). "New Econometric Estimates of Long-Term Growth Effects of Different Areas of Public Spending", *OECD Economics Department Working Papers*, No. 1100, pp. 201-2011.
- Basri, H., Nabiha, S. (2014). "Accountability of local government: The case of Aceh Province, Indonesia", *Asia Pacific Journal of Accounting and Finance*, Vol. 3, No 1, pp. 1-14.
- Hutapea, F.L., Widyarningsih, A. (2017). "Good Government Governance", *Journal Aset*, Vol. 9, No 1, pp.173–186. <https://doi.org/10.17509/jaset.v9i1.5446>
- Kapoguzov, E. A., Suleimenova, G. K. (2017). "Evaluation of the effectiveness of state bodies in the context of strategic management and organizational development in the Republic of Kazakhstan", *The Art of Management*, Vol. 9, No. 3, pp. 452–475. DOI 10.17072/2218-9173-2017-3-452-475
- Khanafina, K.N. (2016). "Characteristics of methodological approaches to the formation of the budget policy of economic growth", *Finance and Credit*, Vol. 18, pp. 49-59.

- Magazzino, C. (2012). "The Nexus Between Disaggregated Public Spending and GDP in the Euro Area", *Economics Bulletin*, Vol. 32, No. 3, pp. 2560-2579.
- Nigo, A. and Gibogwe, V. (2023a). "Empirical Research on Financial Efficiency and Economic Growth in Sub-Saharan Africa", *Journal of Research, Innovation and Technologies*, Vol. II, 1(3), pp. 18-30. [https://doi.org/10.57017/jorit.v2.1\(3\).02](https://doi.org/10.57017/jorit.v2.1(3).02)
- Nigo, A., Gibogwe, V. (2023b). "Research on the Impact of Financial Resources on Industrial Growth in Sub-Saharan Africa", *Journal of Applied Economic Sciences*, Vol. XVIII, Issue 2(80), pp. 65-72.
- Pavlyukova, A.O., Lozitskaya, O.I. (2018), "Performance audit of budget spending: Features and problems. Theory and practice", *Interactive Plus*, Vol.4, No 1, pp.134–138. DOI: 10.21661/r-469556
- Rahayu, S., Collins, R., Ntim, G. (2020), "Internal auditors role indicators and their support of good governance", *Cogent Business & Management*, Vol. 7, No 1, pp. 1751020. <https://doi.org/10.1080/23311975.2020.1751020>
- Ruzzene, M. (2016). "Annual performance measures of local economic development in Victoria", *Economic Development Australia & Urban Enterprise*, Vol. 11, No 4, pp.10-19. <http://www.edaaustralia.com.au>
- Semenenko, A.M. (2019). "Audit of the effectiveness of the use of budget funds of a constituent entity of the Russian Federation", *Young Scientist*, Vol. 2, pp. 265–269. <https://moluch.ru/archive/240/55514/>
- Shkolnyk, I., Kozmenko, S., Drahosov, J., Kozmenko, O., Aldiwani, K. (2021), "State budget revenue optimization using the simplex method", *Journal of International Studies*, Vol. 14, No. 2, pp. 245-266. doi: 10.14254/2071-8330.2021/14-2/16
- Sun, Q.Y., Li, L., Liu, L. (2023), "Impact of Tax Incentives on Technological Innovation Inputs and Outputs of Manufacturing Firms: The Moderating Effect of Regional Marketization", *Transformations in Business & Economics*, Vol. 22, No. 1 (58), pp. 149-164.
- Sutopo, B., Wulandari, T.R., Adiati, A.K., Saputra, D.A. (2017), "E-government, audit opinion, and performance of local government administration in Indonesia", *Australasian Accounting, Business and Finance Journal*, Vol. 11, No. 4, pp. 6–22. DOI: 10.14453/aabfj.v11i4.2
- Sutopo, B., Wulandari, T.R., Adiati, A.K., Saputra, D.A. (2017), "E-government, audit, Australasian accounting, business and finance opinion, and performance of local government administration in Indonesia", *Australasian Accounting, Business and Finance Journal*, Vol. 11, No. 4, pp. 1–22. <https://doi.org/10.14453/aabfj.v11i4.2>
- Yin, N., Li, Y. J. (2023). "Can Institutional Investors Influence Corporate Tax Activism? From the Perspective of Heterogeneous Institutional Investors", *Transformations in Business & Economics*, Vol. 22, No. 2 (59), pp. 225-249.
- Walker, R.M., Boyne, G.A., Brewer, G.A. (2010), *Public Management and Performance: Research Directions*, Cambridge University Press, Cambridge, UK, pp. 127–151. <https://doi.org/10.1017/CBO9780511760587>.
- Zhidebekkyzy, A., Moldabekova, A., Amangeldiyeva, B., Streimikis, J. (2022), "Assessment of factors influencing pro-circular behavior of a population", *Economics and Sociology*, Vol. 15, No. 3, pp. 202-215. doi:10.14254/2071-789X.2022/15-3/12
- Zhidebekkyzy, A., Moldabekova, A., Amangeldiyeva, B., Sanova, P. (2023), "Transition to a circular economy: Exploring stakeholder perspectives in Kazakhstan", *Journal of International Studies*, Vol. 16 No. 3, pp. 144-158. doi:10.14254/2071-8330.2023/16-3/8
- \* Electronic resource. <https://halykfinance.kz/>
- \*\* Official resource of the Data from the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan for 2010-2022. <http://www.stat.gov.kz>