

ASSESSMENT OF THE ROLE OF THE BUDGET AND TAX POLICY IN THE ECONOMIC SECURITY SYSTEM OF THE COUNTRY

AVALIAÇÃO DO PAPEL DA POLÍTICA ORÇAMENTÁRIA E TRIBUTÁRIA NO SISTEMA DE SEGURANÇA ECONÔMICA DO PAÍS

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Abstract

The country's economic development and its level of economic security depend on many factors, one of which is the state's budget-tax system. Therefore, the correct construction and efficient operation of that system is a necessary condition, which depends on how the budget and tax policy is implemented by the state. Currently, the central task of the state's financial bodies in Azerbaijan is to accelerate the sustainability of the country's development, improve the legal basis of the budget-tax system, and correctly and accurately distribute financial management functions. In this regard, the role of the main financial management bodies of the state is increasing. With the help of the budget and tax policy, the level of economic security of the country, the realization of the goals of state administration and the solution of other tasks of national importance are ensured, conditions are created for the stabilization of the financial system. Considering the role of the budget-tax

Resumo

O desenvolvimento econômico do país e seu nível de segurança econômica dependem de muitos fatores, um dos quais é o sistema orçamentário-tributário do Estado. Portanto, a construção correta e o funcionamento eficiente desse sistema são condições necessárias, que dependem de como a política orçamentária e tributária é implementada pelo Estado. Atualmente, a principal tarefa dos órgãos financeiros do Estado no Azerbaijão é acelerar a sustentabilidade do desenvolvimento do país, melhorar a base jurídica do sistema orçamentário-tributário e distribuir de forma correta e precisa as funções de gestão financeira. Nesse sentido, o papel dos principais órgãos de gestão financeira do Estado está aumentando. Com a ajuda da política orçamentária e tributária, o nível de segurança econômica do país, a realização dos objetivos da administração estatal e a solução de outras tarefas de importância nacional são



policy in improving the living conditions of the population, its implementation taking into account the problems of economic security is the main condition. Relevance of the topic: In modern times, economic growth in Azerbaijan has been identified as one of the country's long-term development priorities, which is a necessary condition for strengthening economic security in the conditions of globalization and integration. Azerbaijan adequately copes with all tasks in the way of forming an efficient and economically justified system designed to protect the country's national interests and strengthen its economic security. It successfully implements its national security policy in that area, and one of its main strategic goals is to create conditions for economic growth, ensure economic security and modern social standards for the well-being of the population. The successful realization of these or other goals and tasks depends to a large extent on the budget and tax policy implemented by the state. Fiscal policy depends on taxation, distribution of budget revenues and justification of all expenses, which affects economic security. Therefore, the budget-tax policy of the country should be constantly improved and this should affect revenues and expenses. The improvement of such a policy will lead to import substitution and improvement of the production volume of enterprises in the country, as a result of which economic growth and protection of the country's economic security will be achieved. All these aspects show how much the topic of the article is focused on the investigation of an actual problem. The purpose of the article: is to assess the role of budget-tax policy in the field of economic security, to conduct research in that field and to obtain appropriate results and to formulate recommendations. In accordance with the purpose, the essence of the budget-tax policy has been explained in the article, the impact of its preparation and implementation on the economic development and security of the country, the goals of that policy and taxation within it have been investigated, and the main tasks set for their implementation have been defined. Based on the database of the State Statistics Committee of Azerbaijan, the state budget revenues and sources of their formation for different years, the required volume of the state budget deficit and the ratio of the country's GDP as the most important parameter characterizing the country's budget security level were analyzed. Research methods: analysis by factors, generalization, grouping, economic-statistical analysis, comparative analysis, development dynamics Scientific innovation: various approaches to

assegurados, criando-se condições para a estabilização do sistema financeiro. Considerando o papel da política orçamentária e tributária na melhoria das condições de vida da população, sua implementação levando em conta os problemas de segurança econômica é a principal condição. Relevância do tema: Nos tempos modernos, o crescimento econômico no Azerbaijão foi identificado como uma das prioridades de desenvolvimento de longo prazo do país, o que é uma condição necessária para fortalecer a segurança econômica nas condições de globalização e integração. O Azerbaijão lida adequadamente com todas as tarefas no caminho da formação de um sistema eficiente e economicamente justificado, projetado para proteger os interesses nacionais do país e fortalecer sua segurança econômica. Ele implementa com sucesso sua política de segurança nacional nessa área, e um de seus principais objetivos estratégicos é criar condições para o crescimento econômico, garantir a segurança econômica e padrões sociais modernos para o bem-estar da população. A realização bem-sucedida desses ou de outros objetivos e tarefas depende, em grande medida, da política orçamentária e tributária implementada pelo Estado. A política fiscal depende da tributação, da distribuição das receitas orçamentárias e da justificativa de todas as despesas, o que afeta a segurança econômica. Portanto, a política orçamentária e tributária do país deve ser constantemente aprimorada e isso deve afetar as receitas e despesas. O aprimoramento dessa política levará à substituição de importações e à melhoria do volume de produção das empresas no país, resultando no crescimento econômico e na proteção da segurança econômica do país. Todos esses aspectos mostram o quanto o tema do artigo está focado na investigação de um problema real. O objetivo do artigo: é avaliar o papel da política orçamentária e tributária no campo da segurança econômica, realizar pesquisas nessa área e obter resultados adequados e formular recomendações. De acordo com o objetivo, a essência da política orçamentária e tributária foi explicada no artigo, o impacto de sua elaboração e implementação no desenvolvimento econômico e na segurança do país, os objetivos dessa política e a tributação dentro dela foram investigados e as principais tarefas definidas para sua implementação foram definidas. Com base na base de dados do Comitê Estatal de Estatística do Azerbaijão, foram analisadas as receitas do orçamento estatal e as fontes de sua

budget security were reviewed, measures for the formulation and implementation of the budget and tax policy aimed at the economic interests of the state, improvement of the balanced budget system were proposed, is justified that they can help to optimize budget revenues and expenses, achieve stability and balance of the state budget by reducing the budget deficit in the medium and long term, and as a result, have a direct positive effect on the speed and quality of the comprehensive development of the state. Also, in terms of strengthening the economic security system, directions for strengthening the role of the budget-tax policy and increasing its effectiveness have been suggested.

Keywords: State Budget. Budget-Tax Policy. Taxes. Finance. Regulation. Economic Security. Economic Development. Economic Growth.

formação para diferentes anos, o volume necessário do déficit orçamentário estatal e a relação com o PIB do país como o parâmetro mais importante que caracteriza o nível de segurança orçamentária do país. Métodos de pesquisa: análise por fatores, generalização, agrupamento, análise econômico-estatística, análise comparativa, dinâmica de desenvolvimento. Inovação científica: foram analisadas várias abordagens à segurança orçamentária, foram propostas medidas para a formulação e implementação da política orçamentária e fiscal destinadas aos interesses econômicos do Estado, bem como para a melhoria do sistema orçamentário equilibrado, justificando-se que estas podem ajudar a otimizar as receitas e despesas orçamentárias, alcançar a estabilidade e o equilíbrio do orçamento do Estado através da redução do déficit orçamentário a médio e longo prazo e, como resultado, ter um efeito positivo direto na velocidade e qualidade do desenvolvimento abrangente do Estado. Além disso, em termos de fortalecimento do sistema de segurança econômica, foram sugeridas orientações para fortalecer o papel da política orçamentária e tributária e aumentar sua eficácia.

Palavras-chave: Orçamento do Estado. Política Orçamentária e Tributária. Impostos. Finanças. Regulamentação. Segurança Econômica. Desenvolvimento Econômico. Crescimento Econômico.

1 INTRODUCTION

It is known that the development of any country depends on its level of economic security. Therefore, every country that aims to ensure its economic security must be able to demonstrate resilience against internal and external threats, and must prepare a mechanism with a set of various measures to prevent them. The economic security system can act as such a mechanism, and organizing the efficient operation of that system is one of the priority tasks of the country. There are a number of tools and instruments in terms of organizing the efficient operation of the economic security system in the country, one of which is the state's budget and tax policy. It is an important enough tool to influence the comprehensive development of the country and allows to regulate the dynamics of

GDP, being one of the constituent parts of the state's financial policy and regulatory system. Budget and tax policy, as one of the most effective regulatory tools aimed at stabilizing economic development, can have beneficial and negative effects on the stability of the national economy. Without an effective budget and tax policy, it is impossible to achieve the sustainability of economic development and its security in the country. Therefore, an effective budget-tax policy should be developed and implemented, and its role in the economic growth and security of the country should be correctly assessed.

Research methods: In order to evaluate the role of the budget-tax policy in the country's economic security system, methods such as factor analysis, generalization, grouping, economic-statistical analysis, comparative analysis, development dynamics were used in the article.

2 BUDGET-TAX POLICY: GOALS AND TASKS

Budget-tax policy is a complex of measures of state and municipal administration related to budget, price, tax, credit and etc. It is a set of tools and measures aimed at changing the order of taxation, state expenditures, subsidies, transfer payments and benefits. In general, the budget-tax policy is an important tool of the state that helps to ensure sustainable and balanced development, fair distribution of income and improvement of the population's living. It can affect the collection of financial resources, the achievement of macroeconomic stability, the provision of full employment, the redistribution of resources and incomes, the net export along with monetary policy measures, and the economic security of the country.

S.G. Madatova notes that budget-tax policy is a set of various measures implemented by the state in the field of formation of the budget-tax system in order to achieve the development of the country's economy due to the formation of the state budget through the collection of taxes, the redistribution of financial resources, and the satisfaction of the needs of almost all social groups of the society for those resources (Madatova, 2018).

Budget and tax policy is implemented through its instruments, which include taxes, public expenditures, transfers, public purchases, and public loans. These affect

aggregate demand in different ways, and those instruments are certainly subject to change as they depend on domestic and foreign market conditions. Nevertheless, certain items of budget expenditures should not depend on these factors, that is, first of all, social services provided to the population. Among the main instruments of the budget-tax policy, tax instruments occupy one of the most important places. Their activity takes place in a close relationship, and only in this direction, a balanced state policy can have a certain economic effect, which ensures the development of the national economy and the improvement of the well-being of the country's population.

Taxes, on the one hand, act as the main source of financing the social expenses of the state, and on the other hand, as an effective tool in the regulation of socio-economic relations. The main tool of tax regulation is the tax burden, the growth of which has a negative impact on the economy, because it reduces the amount of income at the disposal of economic entities and, as a result, increases the demand for financial resources of business entities and reduces the demand for goods and services. Accordingly, a decrease in the tax burden, on the contrary, leads to an increase in business activity.

The main tool of tax regulation is tax concessions, the state has a direct influence on the processes of stimulating and regulating economic growth in the country through the use of such concessions. Tax benefits are not given to all taxpayers, but to certain categories according to the Tax Code of the country. Tax incentives can help attract resources to favorable industries. High taxes, on the contrary, help to extract resources in a certain sector.

According to Z.G. Guliyev, the legal norms of state budget planning, regulation and control are taken as the basis when preparing and implementing the budget-tax policy. Economically justified budget-tax policy aims to optimize the collection of taxes in the state budget. In his scientific article, he emphasizes that such a policy can ensure a complex and comprehensive assessment of all economic relations formed under the influence of taxation, in addition to determining the legal rules for levying taxes from taxation subjects for the purpose of forming the state budget (Guliyev, 2017).

With the help of the state budget and tax policy, it regulates the processes occurring in the economic system of the country, ensures the stability and welfare of the society. The budget and tax policy should be transparent and accessible to all, fair, flexible and adaptable, based on strategic planning and identification of priority areas for

development, should take into account the interests of all sections of society, should be based on the fundamental principles declared in the basic laws of the country, and the distribution of income and expenses should be based on the principles of social justice and reduction of inequality.

The state strives to achieve certain goals while preparing and implementing the country's budget-tax policy. One of such goals should be to ensure the financial needs of the state, regions, certain social groups of the society and the economic security of the country based on the progressive development of the economy. Other goals include achieving a stable price level, full employment, accelerating the pace of economic development, optimal resource allocation, fair distribution of income and wealth, economic stability and security, etc.

The goals of the modern budget-tax policy are to create and maintain a single economic space, to create a balance between regions, and to stimulate production and increase the efficiency of the social sphere. An important point in defining the main features of that policy is its goals. The purposes of taxation within this policy can be different from ensuring the required level of budget revenues and financing public expenditures to reducing the budget deficit, ensuring social justice and stimulating economic growth.

According to T. Huseynov and F. Huseynov, taxation, which is an effective tool of budget-tax policy, should stimulate the activities of those who contribute to economic security and ensure sufficient budget inflows to the budget. According to them, stimulation requires the reduction of tax rates or exemption from tax, which means that the state budget needs more financial resources in order to realize its functions (Huseynov T., Huseynov F., 2020).

The variety of taxes and their specific characteristics allow for a flexible response to economic changes through the budget-tax policy and to have a targeted impact on various areas of the economy. But here the main issue for the state is related to tax rates. The state lowers tax rates to free entrepreneurs from fixed costs and to stimulate them. When tax policy is implemented, tax rates are given great importance.

The most important tasks of the budget-tax policy include:

- ensuring the country's investment attractiveness and innovative development through the optimization of the taxation system;

- increasing the influence of local authorities on the formation of the revenue base of local budgets;
- encouraging local authorities in terms of mobilizing financial resources and increasing the tax base;
- introduction of new mechanisms and measures in order to control the use, formation and efficient distribution of budget funds by central and local self-government bodies;
- increasing the efficiency of budget funds management;
- development of effective mechanisms for increasing tax and other revenues.

3 BUDGET-TAX POLICY OF AZERBAIJAN AND ITS EFFECTIVENESS

Studies on the budget-tax policy of Azerbaijan can be found in the works of a number of researchers. Z.F. Mammadov, one of such researchers, notes that the budget and tax policy of Azerbaijan allows modernization of the priority areas of the economy, improvement of the attractive investment environment, continuous social policy, and improvement of the population's welfare and standard of living (Mammadov, 2020). Conducting the budget and tax policy is the activity of the legislative bodies of the state, because they control the collection and spending of taxes and other revenues in the budget.

A.A. Majidov in his scientific article entitled "Budget - tax mechanism and its characteristics" published in 2022 puts forward the idea that the tax policy implemented in Azerbaijan is aimed at reducing the number and rates of taxes in the taxation base, expanding the tax base by increasing tax benefits, stimulating investments directed to the country's economy, formation of a favorable tax environment for business entities and, as a result, the economic development of the country and, in this way, the improvement of the standard of living of the population. Acting as the main and most important component of the state's budget policy, tax policy forms the revenue part of its budget (Majidov, 2022). In modern conditions, with its help, the state creates the necessary conditions for import substitution, development of local industry and increasing its attractiveness in terms of investment provision. According to S.M. Dzekunov, the country's tax policy should be established based on the interests of the state and taxpayers.

The interests of the state should be mainly in the field of successful and efficient operation and development of taxpayers, because this will lead to an increase in income in the future (Dzekunov, 2024).

The state budget is one of the main mechanisms that regulate economic relations in Azerbaijan and allow managing the activities of various economic entities. The Law of the Republic of Azerbaijan "On the Budget System" defined the budget as a form of formation and spending of funds intended for financial provision (Law of the Republic of Azerbaijan, 2002).

As an economic entity, the state needs funds for the maintenance of its subordinate executive bodies, the financing of social events, and the realization of economic functions and tasks. The state budget acts as such a source of financing. Currently, the issues of budget formation and implementation are very important in terms of ensuring the necessary level of economic security of the country. Therefore, the analysis of the sources of formation of state budget revenues is of great interest.

To analyze the current state of state budget revenues in Azerbaijan, let's pay attention to figure 1. From Figure 1, it can be seen that the state budget revenues in Azerbaijan continuously increased during the studied periods (except for 2016). In 2023, budget revenues amounted to AZN 35,236.39 million, which is the highest indicator for all periods. This is 2.0 times more than in 2015, 56.5% more than 2018, and 14.8% more than 2022.

Figure 1

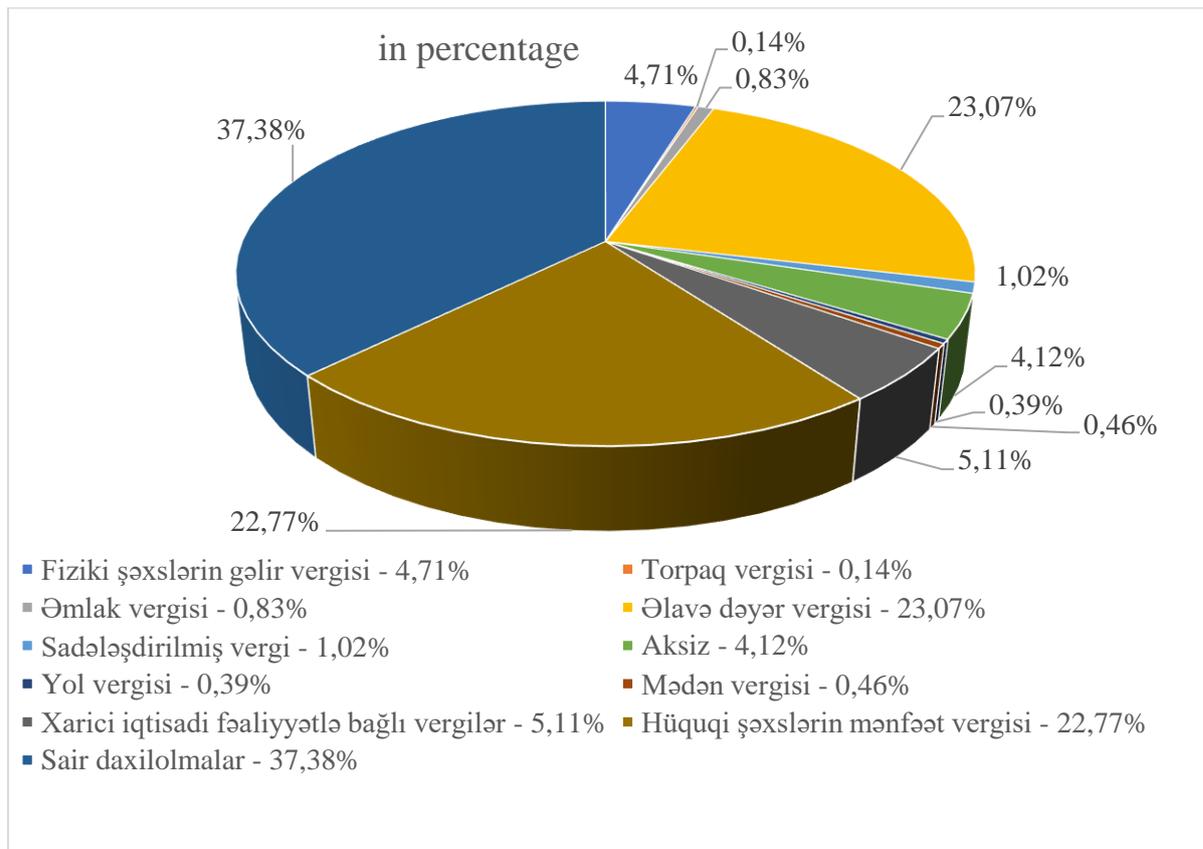
Growth dynamics of state budget revenues in Azerbaijan for 2015-2023



In 2023, 62.62% of the revenues of the state budget came from taxes, and 37.38% from other revenues. The main share of tax revenues is VAT (23.07%) and profit tax of legal entities (22.77%). We can see more clearly the specific weight of the components of the budget revenues for 2023 in the total revenues from figure 2.

Figure 2

Sources of budget revenue formation in 2023



fiziki şəxslərin gəlir vergisi- personal income tax

əmlak vergisi- property tax

sadələşdirilmiş vergi- simplified tax

yol vergisi- road tax

xarici iqtisadi fəaliyyətlə bağlı vergilər- taxes related to foreign economic activity

sair daxilolmalar- other inputs

torpaq vergisi- land tax

əlavə dəyər vergisi- value added tax

aksiz- excise tax

mədən vergisi- mining tax

hüquqi şəxslərin mənfəət vergisi- profit tax of legal entities

Source: It was compiled by the author based on the SSCRA database

Since budget expenditures in 2023 were 36457.96 million AZN, a deficit of 1221.57 million AZN was created in the budget, which can be considered as a normal

situation. Because, as the budget revenues increase, the need to increase the budget expenditures for the socio-economic development of the country emerges. Budget expenditures should be used purposefully and managed efficiently. The process of effective management of budget expenses at the state level should include such stages as selecting goals and necessary resources for their achievement, their distribution, and ensuring the realization of specific tasks in an economical and efficient manner.

Effective budget and tax policy is very important for stimulating enterprises in the real sector of the economy, financing infrastructure projects, and fulfilling the social obligations of the state and etc. in the modern conditions of the continuity of the development of the national economy of Azerbaijan. It is also undeniable that the optimization of budget expenditures at all levels should be controlled in terms of their purposeful, efficient and rational use. The main purpose of spending budget funds on economic development should be to stimulate economic entities to achieve a level of profitability that can ensure sustainable development and expanded reproduction process. The formation of the state's budget revenues and their spending in the right direction has the ability to contribute to the strengthening of its economic security while contributing to the development of the country.

The development of society changes the socio-economic and political importance of the state budget. The interests of society and the state may or may not coincide in practice, and consequently the interest in taxation will also differ. The state determines the amount of funds necessary for filling the budget with revenues and their spending directions. With the help of budget taxes and expenditures state creates a foundation for the country's economic growth and development, thereby strengthening the country's economic security.

According to H.H. Aslanov, the level of development of any country and its reputation in the international world are largely evaluated by the degree of development of its economy. Taking this into account, the state should undertake a number of important functions in order to ensure the full and efficient functioning of market mechanisms. An important aspect of this process is the realization of a flexible and effective budget-tax policy. By changing the priorities of that policy, the state affects not only the mitigation of market fluctuations in the economy, but also the stabilization and development of the national economy to a certain extent (Aslanov, 2022).

Most researchers believe that the effectiveness of the budget-tax policy lies in the fact that it helps the state avoid economic threats and allows smoothing fluctuations in aggregate demand and, accordingly, in the business cycle. The budget-tax policy, which plays a stabilizing role, helps to solve many problems. For example, an increase in budget spending can be used to increase the degree of government intervention in the economy, in addition to performing a stimulating function. Budget-tax policy usually acts as a means of regulating aggregate demand, and also has an important impact on aggregate supply. Suppose the government implements a stimulus policy by increasing purchases and reducing taxes. The results of such a policy will lead to an increase in national income in the first case by increasing aggregate demand, and in the second case by reducing the tax rate and stimulating capital investments due to the increase in their profitability. The state can perform its functions efficiently when the budget is filled with the necessary monetary resources from all sources.

The budget-tax system has a strong influence not only on the quality of the performance of state functions, but also on all taxpayers and the well-being of the country's population as a whole. When forming such a system, the following should be taken into account. First, the budget-tax policy affects the distribution of the basic resources of the society. Second, it is a powerful tool of state policy aimed at stimulating economic activity in the country.

The effectiveness of the budget-tax policy depends on various factors, one of which is the effective management of the entire budget-tax system. This policy envisages the impact of changes in the level of state spending and taxation of the country, includes activities on the collection of taxes and the distribution of budget funds.

According to S.M. Dzekunov, the effectiveness of budget-tax policy can be achieved by increasing revenue sources, applying the optimal taxation base, and minimizing the costs of collecting and paying taxes (Dzekunov, 2024).

The main effective direction of the budget-tax policy is to achieve a balanced budget system and budget stability. A balanced budget system can help to achieve the stability and balance of the state budget by optimizing budget revenues and expenses and reducing the budget deficit in the medium and long term, which will have a direct positive impact on the speed and quality of the comprehensive development of the state.

In general, the budget-tax policy is the most effective tool in the hands of the state in the process of regulating the economy. However, there are some drawbacks that reduce its effectiveness. Fiscal policy is more effective in the short run. In order to achieve macroeconomic stability, conflicts may arise between the directions of changes in taxes and public expenditures and other goals facing society. Therefore, when implementing the budget-tax policy, attention should be focused more on the budget or tax policy. The choice of these policy instruments depends on the direction of economic policy as a whole and financial policy as its component.

In order to implement the state's comprehensive development strategy, the budget and tax policy should be used, the effectiveness of which is embodied in ensuring national security, sustainability of economic growth, and creating competitive advantages for business development. For the economic security of Azerbaijan, the modern budget-tax policy should be aimed at reducing the dependence of the economy and the budget on the dynamics of oil prices and ensuring economic growth in the future.

4 BUDGET-TAX SECURITY AS A COMPONENT OF ECONOMIC SECURITY

The economic development of Azerbaijan is directly related to the economic security of the country. Improving the state of economic security is considered one of the main tasks of the state. One of the most important and leading elements in the state's security system is budget-tax security, which reflects the solvency level of the state and its subjects by forming the optimal tax burden as the main component of economic security. The main features of budget and tax security are the completeness of the socio-economic system, the level of budget balance, budget implementation, the volume of financing, the number of tax benefits and others. When considering it, the main role is played by the budget and tax policy, which are related to each other. The main factor that should be taken into account during the formation of the security system should be the protection of the country's economic interests.

There are different approaches to budget-tax security, the basics of which include:

1. Management approach reflecting the ability to finance the budgets of the state and its constituent entities

2. System approach. It is a combination of various systems to protect the overall functioning of the economy and its security.
3. The balance approach is the compatibility of the income and expenditure parts of the budgets, where the population's demand for the financial sector is met.
4. An integral approach reflecting the protection of the state's interests through a complex of measures, methods and tools at the micro and macro level in the economy
5. The assessment approach is the protection of budget-tax relations from exogenous and endogenous threats.
6. Conditional approach involves the creation of internal and external conditions for favorable use of budget and tax resources.

According to N.A. Pleshakova and T.M. Hryb, budget security is one of the main components of financial security, as the budget is one of the most important institutions of economic sovereignty of the state. That is why the budget provision should be a necessary condition for the improvement of the social protection of the population, positive changes in the structure of the national economy and the continuity of the development of all areas of activity (Pleshakova, Hryb, 2019). When O.S. Bohma says budget security, he means the state of the budget system in such a way that there are no real threats to this process, timely response to potential risks and full realization of the country's national interests (Bohma, 2016).

The budget security mechanism, as a rule, involves the formulation and implementation of the budget policy aimed at the economic interests of the state, which includes the following measures:

- achieving efficient collection of the country's budget revenues by the competent authorities of the state;
- accurate identification and expansion of the list of other non-tax revenues that help increase budget revenues;
- creation of conditions for the financing of state needs that can enable effective implementation of targeted state programs;
- efficient redistribution of budget funds in order to realize the strategic tasks set by the state;
- maintaining the budget deficit at the normative level;

- preparation and implementation of a budget policy aimed at gradually minimizing the budget deficit and the volume of public debt;
- organization of control over the execution of budget funds by the competent state bodies, etc.

The successful implementation of these or other tasks largely depends on the tax administration. The basis of tax administration is the monitoring and control of budget revenues and expenses. This mechanism aims to ensure the implementation of the strategic tasks of the state's tax policy, which include:

- formation of a tax system that will actively help to expand the activities and profitability of local enterprises in the country;
- application of rules and procedures within the existing legislation for the purpose of fulfilling tax obligations;
- development and implementation of stimulating economic instruments for efficient collection of taxes;
- maintaining the tax burden in the country at an optimal level.

In the tax administration system, more importance is given to tax control, because thanks to it, the budget and tax policy of the state is implemented.

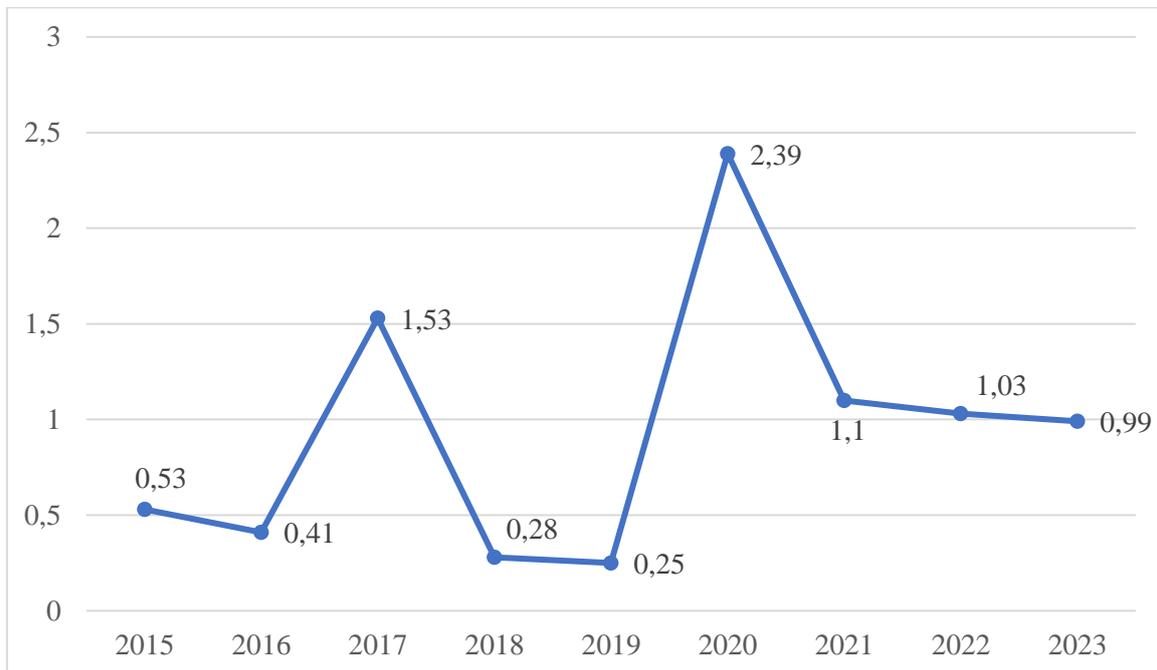
Increasing the efficiency of the budget and tax security mechanisms is the creation of stable conditions for the comprehensive development of the country, prevention of the negative impact of all types of threats. Economic security in the field of budget-tax relations is ensured only when a consistent policy is implemented and the coordinated work of all state structures is effective.

Thus, budget-tax security, being a component of economic security, ensures the country's economic growth and economic stability, and ensures a safe level of the budget-tax system. Therefore, such a security system needs to work more efficiently, for which it is necessary to take into account the existing threats that worsen the situation of the country as a whole in that area.

It is known that the ratio of the budget deficit to the country's GDP acts as the most important parameter characterizing the country's budget security level, and in 2023, this ratio was 0.99% in Azerbaijan. We can clearly observe the dynamics of that ratio in other years from Figure 3.

Figure 3

Ratio of budget deficit to GDP in Azerbaijan for 2015-2023, in percentage



Source: It was compiled by the author based on the SSCAR database

From Figure 3, we see that the budget deficit does not pose any threat to budget security during the studied periods. If the ratio of the budget deficit to GDP exceeds 10%, then this situation can be a very serious threat to budget security.

If the country's financial sector is in an unstable state, if the structure of the stock market does not develop, if the state's debt increases, threats to budget and tax security arise, the causes of which can be divided into two groups: exogenous and endogenous. The effects of foreign policy and the increase in financial openness and interdependence between economic entities at different levels are exogenous causes. Endogenous threats to fiscal security are associated with the functioning of the economic system itself and the fluctuations that occur within it. For example, differentiation of resource provision of territories due to low investment attractiveness. All existing insider threats are almost interconnected. If these things happen, the state of budget-tax relations in the country will deteriorate, which will have a negative impact on economic security as a whole.

5 CONCLUSION

In order to strengthen the role of the budget and tax policy in ensuring the sustainability of the comprehensive development of the country and its security, it is necessary to make improvements in the following directions:

1. Improvement of financial regulation system. For this, the obligations assumed by the budgets of different levels of the budget system should be taken into account, and the criteria for financing obligations should be developed.
2. Improvement of the budget and tax policy in terms of revenues and expenses. In the field of revenues, this policy is represented by budget revenues. Ways to improve this area are, first of all, directly related to increasing the efficiency of the tax system.
3. Cost improvement:
 - compliance with the rules of the budget system during the implementation of the budget;
 - meeting the efficiency criteria of budget expenditures;
 - basing budget planning and implementation on the program-oriented principle.
4. Improvement of budget-tax relations, namely:
 - increasing the transparency of regional budgets;
 - monitoring the intended use of budget funds and evaluating their efficiency.

The economic security of the country can be achieved by optimizing the expenses of its constituent entities and increasing budget revenues, for which the following are necessary:

1. To increase tax revenues to the state budget through the effective implementation of tax policy.
2. Optimizing existing tax incentives to create favorable conditions for enterprises to operate, if necessary, replacing those incentives with targeted financing or investment tax credit.
3. To strengthen measures for the elimination of tax and payment debts.
4. To assess the level of efficiency of budget expenditures.
5. Monitor and control budget expenditures.

Thus, in order to neutralize threats to budget and tax security in the country, security strategies should be developed for the efficient operation of the economy of the country and all its regions. One of the main ways to identify threats in this area is the organization and control of continuous monitoring of indicators of financial and economic security of the country and regions, which should always be in focus.

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Authors' Contribution

All authors contributed equally to the development of this article.

Data availability

All datasets relevant to this study's findings are fully available within the article.

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