



THE ORIGIN OF THE TAX SYSTEM AND THE STATE BUDGET IN ANCIENT TIMES

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Abstract: This article analyzes the emergence of the tax system in ancient times, its formation, and stages of development. It examines the role of taxes in shaping the state budget and financing governmental activities. The article also presents scientific insights into the earliest forms of taxation, their socio-economic significance, and their role in state governance. The topic is covered comprehensively based on Uzbek-language sources and historical records.

Keywords: Tax system, state budget, ancient times, financing, socio-economic development, tax collection, state governance.

The tax system, which forms the economic foundation of state administration, emerged as one of the earliest socio-economic institutions in human history. The concept of taxation and its application in practice is closely linked to the development of society and appeared simultaneously with the formation of early state structures.

The first states began collecting compulsory payments-taxes-from the population to support their operations, strengthen defense capabilities, and finance public works.

As society progressed, so too did the tax system. In ancient societies, taxes were typically collected in kind-in the form of goods, livestock, labor, or services. Over time, as payments shifted to monetary forms and economic relations expanded, taxation evolved into a more complex system. Consequently, states began categorizing taxes to suit their needs: land taxes, customs duties, trade taxes, income taxes on individuals and legal entities, and so on.

The primary purpose of taxation was to form the state budget and use it to finance military, administrative, social, and infrastructural needs. The state budget, in turn, became a tool for implementing fiscal policy and ensuring societal stability. Therefore, the tax system and the state budget are closely interrelated economic categories through which ancient states managed both domestic and foreign policy.

The emergence of taxation is directly tied to the development of early socio-economic relations. The rise of the first centralized governments required the collection of certain resources-such as food, raw materials, labor, or eventually money-from the population. These payments, or taxes, were collected by the state in a compulsory and regulated manner based on societal needs.

Mesopotamia (Sumer, Babylon): In the 4th–3rd millennia BCE, early city-states like Ur, Uruk, and Babylon emerged in Mesopotamia. The ruling authorities (kings, temple communities) collected taxes from the population in the form of agricultural produce. The tax system was highly centralized and documented using cuneiform inscriptions on clay tablets. For example, the "Laws of Urukagina" (24th century BCE) emphasized reducing tax burdens and enhancing social protection for citizens.

Ancient Egypt: Egypt's tax system encompassed nearly the entire population. Pharaohs collected taxes in the form of grain, livestock, textiles, crafts, and labor. Taxes on land were assessed annually based on the flood levels of the Nile, measured by geodesists known as



"nilometers." Archival documents reveal strict oversight and detailed accounting by tax collectors.

Ancient India: The *Arthashastra*, written in the 4th century BCE, is a vital source on economic policy and taxation in ancient India. It outlines the taxation system for landowners and artisans, the strategic use of taxes, and their influence on economic stability. Kautilya viewed taxation as a crucial instrument of economic governance. Taxes were mainly levied on land, produce, crafts, and livestock.

Ancient China: A taxation system existed during the Shang and Zhou dynasties. Land ownership was directly tied to tax obligations. Farmers were typically required to work for the state for part of the year (labor tax), deliver a portion of agricultural produce, and later pay taxes in cash. Confucian philosophy emphasized the concept of tax justice.

Ancient Persia and Greco-Roman World: During the Achaemenid Empire (6th–4th centuries BCE), Persia had a centralized taxation system. Each satrapy (province) was required to collect and remit taxes to the central treasury. In Greece and Rome, taxes were collected in kind, labor, and money, contributing to economic centralization. In the Roman Empire, a variety of taxes existed, including land tax (*tributum soli*), head tax (*tributum capitis*), customs duties, and even taxes on the manumission of slaves.

The state budget is a financial plan outlining revenues and expenditures to fund government operations. Though the concept of a formal budget did not exist in its modern form in ancient times, collected taxes, duties, and compulsory payments were centralized and later allocated for state needs-effectively functioning as a budget.

In ancient states, the budget funded administrative and social activities, including:

- ✓ Maintenance of military forces
- ✓ Religious rituals and temple maintenance
- ✓ Development of irrigation systems
- ✓ Construction of urban infrastructure
- ✓ Payment of government officials

In **Ancient Egypt**, the budget was directly managed by the pharaoh. Resources collected through taxation were stored in central warehouses and distributed via administrative bodies such as scribes, overseers, and tax collectors. As recorded on the *Rosetta Stone*, funds were spent on temple construction, gifts for officials, and military expenditures.

In **Mesopotamian city-states**, the budget was based on the area of arable land, population, and economic activity. Taxes and duties were centralized through ziggurats (temples) and redistributed to local economic and cultural centers. Temples were state-owned and served as fiscal hubs. Written records detailed annual tax revenue, quantities of goods, and allocation directions.

Rome had a comparatively advanced budget system, with dedicated financial institutions. The *Aerarium* (treasury) served as the Roman Republic's central fund, storing tax revenues, war booty, and other income. In addition to taxes, the Roman budget was supplemented through contributions from provinces and revenues from conquered lands. These funds were used to:

- ✓ Maintain the legions
- ✓ Build roads
- ✓ Construct aqueducts
- ✓ Pay civil servants



The existence and effective management of the state budget directly influenced a state's political power, stability, and international prestige. Efficient revenue collection and expenditure allocation were strategic priorities for ancient states.

For example:

- ✓ In Egypt, agricultural productivity improved through irrigation systems based on the Nile's flooding.
- ✓ In Rome, successful military campaigns depended on fiscal stability.
- ✓ In India, the *Arthashastra* clearly identified sources of revenue, spending directions, and the state's financial responsibilities.

The tax system served as the main source of income for the state budget in ancient societies. Variations in tax levels directly impacted fiscal stability. Major infrastructure projects, wars, or natural disasters could cause budget crises, prompting increased taxes, new levies, or added obligations on the population.

Taxation and budget practices were intrinsically linked to the political, economic, and social structures of ancient societies. Historical sources show that taxation became an inseparable part of state functions from the earliest stages of government formation. Initially based on in-kind payments and labor obligations, taxation evolved into a sophisticated monetary-fiscal mechanism alongside societal progress.

Despite regional differences in form, administration, and public attitudes, ancient Egypt, Mesopotamia, India, China, and Rome all shared a common principle: taxes formed the state budget, which funded state needs.

The state budget, in turn, served as the economic backbone of government power, enabling:

- ✓ Financing of the army and defense systems
- ✓ Construction of religious and political centers (temples, palaces)
- ✓ Development of irrigation, transportation, and trade infrastructure
- ✓ Provision of support to specific social groups

Moreover, taxation and budget policy reflected the state's authority and sense of justice. Excessive taxation in certain periods led to public dissatisfaction, revolts, and even the collapse of empires, as history records.

In short, the tax system and the state budget were foundational pillars of societal progress even in antiquity. They functioned not only as tools of economic governance but also as mechanisms of political stability. Studying their historical evolution deepens our understanding of contemporary fiscal policy.

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