



Specific Small Business Taxation System

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Abstract: This study is devoted to the study of the peculiarities of taxation of small businesses and private entrepreneurship. The study examines the tax policy pursued by the Republic of Uzbekistan in the field of state economic support for small businesses and private entrepreneurship, creating a favorable tax environment for them. The influence of tax reforms of recent years on the development of small business and private entrepreneurship is analyzed.

Keywords: tax legislation, tax burden, taxes, taxation, tax policy, tax regime, small business, private entrepreneurship.

Introduction. The reforms carried out in recent years in the field of socio-economic development and ensuring sustainable growth of the country today show their results in practice. Through the support of active entrepreneurship, innovative ideas and creative potential, large-scale work is being carried out to create decent living conditions for the population, improve the business climate, and ensure employment. The authority and position of Uzbekistan in the international economic arena are significantly and systematically increasing.

To date, the scope of the entrepreneur's activity has also changed in terms of content, quantity and quality. Now he has become an independent solver of when, how much, where, and for whom to produce products [4], [5]. In addition, how many production resources (buildings, raw materials, materials, appliances, labor, vehicles, capital assets, warehouse space, etc.), striving to obtain high profits through their rational use. The main goal is to pay and further increase the efficiency of the state budget at the expense of the income received. Based on the above, an entrepreneur can be given the following definition:

An entrepreneur is a business person who enters the market with a new idea, product, service and job, risking a certain amount of his finances.

The concepts of entrepreneurship and business are similar in content. This is an attitude that arises from the business activity of people and means a connection with any productive work, activity [8], [9].

A person connected with a business is called a businessman. Business comes from the English word meaning business — work, I am a person. Entrepreneurship (business), an economic category, a way of doing business, a type of economic thinking [6], [7].

At the present stage of formation and development of market relations in Uzbekistan, the need for active participation of taxes in increasing the activity of enterprises to the required level requires coverage of more pressing issues to advance the goals and objectives of reforms.

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Uzbekistan attaches great importance to establishing a solid economic foundation based on an effective taxation system that meets international standards and promising development directions based on real results, continuing the policy of reducing the tax burden and simplifying the taxation system, improving tax administration and expanding appropriate incentive measures.

Reduction of the tax burden, elimination of its uneven distribution between economic entities, elimination of problems in the calculation and payment of taxes due to imperfections in tax administration, prevention of subordinate relations between taxpayers and tax authorities and ensuring their “cooperative growth”, elimination of unjustified tax audits that hinder the activities of business entities. consultations on taxes and fees were tasked with the transition to effective control activities [10]. Certain shortcomings in improving the organization of accounting and auditing of taxes at enterprises are particularly noticeable. In the enterprise management system, there is an opportunity to further increase the importance of enterprises in the economy on the basis of tax accounting issues and its improvement. In this regard, the topic of the chosen research work is relevant.

Analysis and results. Small business and private entrepreneurship are independent systematic commercial activities. That is, it is initially aimed at making a profit from the sale of its goods, services, the provision of property for use, etc. Regardless of how the work is performed, it must be registered in accordance with the procedure established by law.

Each state traditionally supports small businesses by reducing taxes and other mandatory fees, and imposes many requirements on large enterprises, since they bring in large incomes. Naturally, in order for young entrepreneurs to conduct their activities correctly, it is very important to effectively organize their accounting policy, including tax [11].

Another feature of a small business is that it is easier to organize it, even if you have little or no work experience. And in the future, it may gradually increase in volume to the average due to an increase in annual turnover and attracting more resources.

A large enterprise can only be called a company that covers several regions of the country or goes to the international level [12]. It always has a large number of end users, which means that demand exceeds supply.

Traditionally, companies always differentiate in their work on two main aspects: economic and legal. It is impossible to act without taking into account organizational and legal norms.

State support of entrepreneurship is the conscious creation of economic and legal conditions, promotion of business development, as well as investment of material and financial resources in it on preferential terms.

In our opinion, the main objectives of the state policy in the field of development of small business and private entrepreneurship are reflected in the following:

- Development of small business and private entrepreneurship in order to create a competitive environment in the economy of Uzbekistan;
- to provide favorable conditions for the development of small business and private entrepreneurship;
- ensuring the competitiveness of small businesses and private entrepreneurship;
- to help small businesses and private entrepreneurs to bring their goods (works, services), the results of intellectual activity to the international market;
- increase the number of small businesses and private entrepreneurship;
- development of employment and self-employment of the population;

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- increase the share of goods (works, services) produced by small enterprises and private entrepreneurship in the volume of gross domestic product;
- increase in tax revenues to the budget, the share of taxes paid by small businesses and private entrepreneurs.

Small business and private entrepreneurial structures are an integral part of the modern economy. This sector reflects the state of the country's economic development, because it is able to quickly respond with its stability to any changes in market conditions, as well as the level of employment and economic activity of the population. The activities of small businesses and private economic entities of the sector should be carried out in close contact with bodies and organizations that implement measures to support business from the state.

In all countries, tax policy is aimed at supporting small businesses and private entrepreneurship, in this case performing the stimulating function of taxes, which in many cases is related to their social functions. The sphere of activity of small businesses and private entrepreneurs includes both household services and the creation of high-tech models of machines that contribute to the restructuring of the economy through innovation. The role of small business, especially in unstable economic development, increases during periods of financial crises, as it adapts more quickly to new economic conditions, ensuring the transfer of the tax burden to the private sector of the economy.

The issue of the development of small businesses and private entrepreneurs is very important for our republic by the harmonization of the updated "Tax Code"[1] in 2019 with a new idea, that is, the organization of tax research activities based on the concept of "Tax Inspection – entrepreneur's assistant" this is a good example.

On July 8, 2020, our President Shavkat Mirziyoyev said at an extended meeting with video directors: "The tax authorities are responsible for creating favorable conditions for small businesses and private entrepreneurship, which literally should be a partner for every entrepreneur. The new system "Tax Inspection – entrepreneur's assistant" places high demands on the performance of important tasks related to the business community" [2], [13].

Also at this meeting, the tax authorities will assist the entrepreneur and set a number of tasks:

- from the first step of an entrepreneur to start a business, he selectively indicates to him which tax regime is convenient and profitable;
- provides a service for "living" a novice business entrepreneur, helping to restore those who are not functioning, keeping his accounting, filling out and sending reports, solving what the problem is;
- the main criterion will be determining how many entrepreneurs have violated tax legislation without punishing the entrepreneur, how much the violation of tax legislation has decreased, and getting rid of unnecessary costs for the entrepreneur.

The work aimed at reducing the state's participation in the economy, protecting private property and further strengthening its priority position, stimulating the development of small business and private entrepreneurship continues widely across our country [14]. All opportunities have been created to ensure reliable protection of the rights and guarantees of private property, eliminate barriers and restrictions on the development of private entrepreneurship and small business, and strictly suppress illegal interference of state, law enforcement and supervisory authorities in the activities of business structures.

Taxation of small businesses and private entrepreneurship is one of the most important factors affecting the development of our country. At the national level, various measures are being implemented to

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stimulate the activities of small businesses and private entrepreneurship, which is manifested in simplifying the procedure for organizing small enterprises, in providing various benefits and subsidies for their development.

The most important role is played by the tax regulation of the activities of small businesses and private enterprises. The main goal pursued by the state is to encourage entrepreneurs to enter the field of small business.

According to the Agency for Statistics under the President of the Republic of Uzbekistan, the number of operating small enterprises and microenterprises as of January 1, 2023 amounted to 523.6 thousand and increased by 60.8 thousand or 13.1% compared to the same period last year. (Fig. 1).

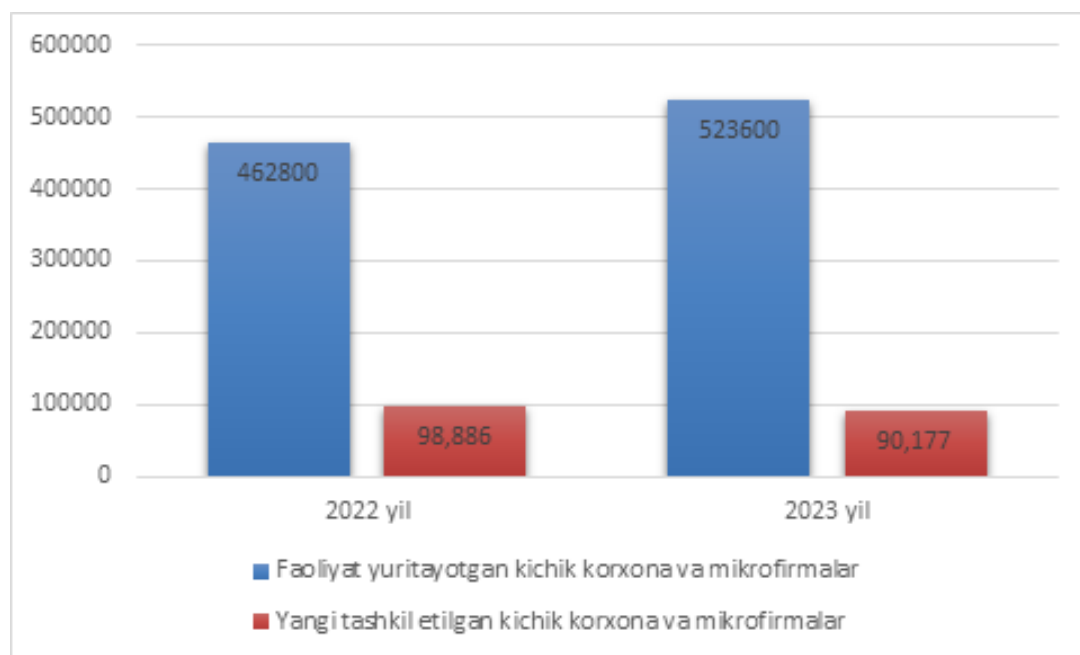


Figure 1. Number of operating and established small enterprises and microenterprises as of January 1, 2023

In recent years, as a result of the decisions and decrees adopted by the President of the Republic of Uzbekistan to support small businesses and improve the business climate, as well as the great attention paid to this area, the business climate of small enterprises and microenterprises is improving every year [15].

According to the Tax committee under the Ministry of Economy and Finance of the Republic of Uzbekistan, for the first quarter of 2023, small enterprises paid taxes in the amount of more than 2.8 trillion soums. Their total turnover amounted to 27.4 trillion soums, and the amount of tax benefits applied by them amounted to 1 trillion soums, in terms of the types of taxes paid by small enterprises, VAT is leading – 10.7 billion soums, or 44% of the total share [3]. (Fig. 2).

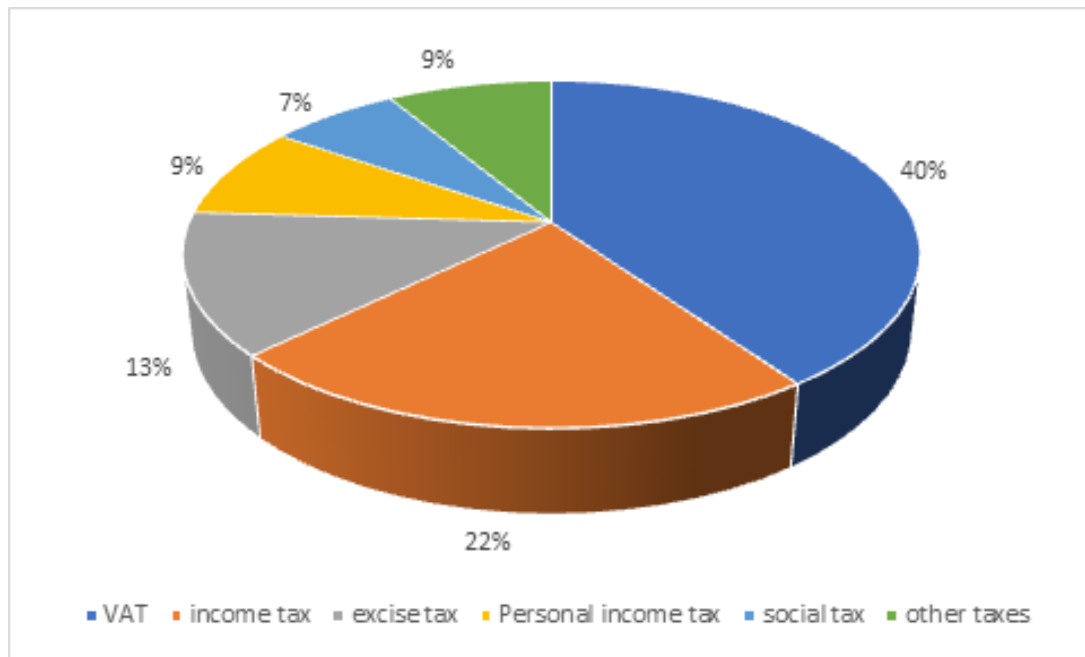


Figure 2. In the cross section of types of taxes paid by small enterprises in the i quarter of 2023

The implementation of such a tax policy, which contributes to the accelerated development of entrepreneurship, increasing its business activity and increasing tax revenues to the budget, is a necessary condition for the development of the economy. The amounts of tax deductions of small and medium-sized businesses form state financial resources and serve as an instrument of economic impact on social production, its dynamics and structure.

Conclusions. It is inevitable that the state policy aimed at supporting small business and private entrepreneurship will continue in the coming years, and the share of this sector in the economy will grow from year to year, after all, this is the ultimate goal of today's reforms. We consider it expedient to implement the following measures to ensure sustainable economic growth by further developing the activities of these entities, strengthening the economic potential of the regions and increasing the economic activity of the population:

First, it is necessary to ensure the expansion of the tax base by ensuring the stability of the taxation mechanism and the growth of economic activity.

Secondly, it is necessary to scientifically justify the reduction of taxes, to justify the optimal ratio of direct and indirect taxes.

Thirdly, when assessing the functioning of the taxation mechanism, it is advisable to study the indicators of the share of taxes in the structure of GDP in relation to the indicator of the share of social expenditures in the structure of state budget expenditures.

In short, it is necessary that taxes and mandatory payments take away a significant share of entrepreneurs' income, do not limit their financial potential and entrepreneurial enthusiasm, and do not allow a negative impact on the processes of attracting investment in the real sector of the economy. Taking this into account, the effective use of the mechanism of tax incentives serves as a powerful factor ensuring economic growth. The reduction of tax rates has a positive effect on the overall level of supply in the national economy, on the growth of incomes of entrepreneurs and the population and, ultimately, provides the entrepreneur with an increase in savings and capital.

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