



PROBLEMS AND PROSPECTS OF TAXATION OF SMALL BUSINESS IN UZBEKISTAN

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ABSTRACT

The article deals with the role of taxation for small businesses. It analyzes the main trends in the development of small business in Uzbekistan. The analysis of the economic indicators of activity of small enterprises, their share in the GDP of the state. The main forms of taxation of small businesses, especially the use of the simplified taxation system. Conclusions about future tax regulation of small business. The measures relating to the further improvement of tax policy and tax system of Uzbekistan.

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INTRODUCTION

The topic of development of small business and private entrepreneurship is relevant in the context of modernization of the existing economy in Uzbekistan, as it makes a great contribution to the formation of the material basis of welfare and social stability of all industrially developed countries of the world.

The purpose of the article is to identify the main problems and directions of development of the existing tax system small businesses in Uzbekistan.

Small business and private entrepreneurship occupies a special place not only in the economy of Uzbekistan, but also in many other countries. It forms a competitive environment, contributes to the growth of production of goods, the development of services, the creation of new jobs. In developed countries, small business, including individual entrepreneurs in this concept, provides up to 40 - 45%, and sometimes more, of gross domestic product.

Small businesses play an important role in maintaining stability in the labor market, and contribute to creating conditions that impede the emergence of social tension.

The measures being taken in Uzbekistan to create a business environment, comprehensive support and further stimulate the development of small business and private entrepreneurship contributed to the creation of more than 93 thousand new business entities in 2019, which is almost 2 times more than in 2018, and their total number was over 334 thousand [1], which is 1.5 times more compared to 2010 (table).

Table - Key indicators of the level of development of small enterprises in Uzbekistan

Year	Specific gravity small business in GDP (%)	Specific gravity small business in GDP (%)	The number of existing legal entities (thousand units)	Number employed in business people subjects (thousand people)
2010	52,5	32,7	201,7*	1972,8
2011	54,0	33,7	218,9*	2338,4
2012	54,6	33,9	219,7*	2401,1
2013	55,8	34,6	217,7*	2301,5
2014	56,1	34,8	221,1*	2317,2
2015	62,9	35,7	224,7	2229,5
2016	64,9	36,1	218,2	2180,4
2017	63,6	38,2	229,6	2239,1
2018	59,4	48,9	262,9	2393,0
2019	56,5	52,4	334,7	3049,5

* excluding farms

Source: Compiled according to the State Committee on Statistics of the Republic of Uzbekistan. -URL:

<http://www.stat.uz>

The analysis of the table data showed that the share of small business in the formation of GDP in 2019 is at the level of 56.5% versus 52.5% in 2010, which shows an increase of this indicator by 4%. The number of operating small businesses increased from 201.7 thousand in 2010 to 334.7 thousand in 2019, an increase of 133 thousand units. It should be noted that over the years the number of officially employed in small enterprises has increased from 1972.8 to 3049.5 thousand people, which represents an increase of 1076.7 thousand people. It must also be said that in 2019 the number of employees in small business is about 76% of the total number of people employed in the economy.

The need to develop a unified approach to the taxation of small organizations and individual entrepreneurs determines the relevance of the formation and use of unified methods of tax incentives for their activities in the structure of the tax mechanism.

A study of the world taxation practice shows that the following methods are used as tax incentive methods for small enterprises: tax benefits, tax preferences and special tax regimes.

The tax legislation of the Republic of Uzbekistan provides for the application of special measures of tax regulation, which are a special procedure for calculating and paying taxes, in the form of special tax regimes. Special taxation is an important component of the tax system in Uzbekistan, which currently has the following special tax regimes for small businesses: sales tax for microfirms and small enterprises, value added tax and fixed tax on individual entrepreneurs.

The taxation policy of the state is a stimulating factor in the development of small business. The essence of tax policy is a phased reduction of marginal tax rates and a decrease in the progressivity of taxation with a fairly narrow tax base and a wide scope of tax benefits [3].

In recent years, the provision of a number of privileges on taxes and obligatory payments to enterprises and small businesses primarily serves to maintain production growth rates, accelerate and expand modernization, develop entrepreneurship, improve services and services, increase employment and incomes of the population.

One of the important directions of the state tax policy of developed countries can be considered the establishment of a balance between the state and the taxpayer. The state needs to create such a tax system that could provide an opportunity for the development of small business, reducing the tax burden, in particular this applies to the introduction of special tax regimes. But it should be noted that preferential taxation can inhibit the growth of small enterprises into large ones due to favorable business conditions. And this can adversely affect the country's economy.

Since 2010, in Uzbekistan single tax payment (VAT) rates for small enterprises and micro-firms were reduced from 6 to 4 percent, and fixed tax rates for individual entrepreneurs were significantly reduced — on average, by half.

As part of the tax reform, the tax burden on wages has been reduced by almost 1.5 times. The value added tax rate has been reduced from 20 to 15 percent. Due to this, last year, 2 trillion soums remained at the disposal of taxpayers. This year, this figure is expected to reach 11 trillion soums. The fact that so much money is left at the disposal of entrepreneurs in one year opens up enormous additional opportunities for the development of their business [1].

Effective government tax policy plays an important role in the process of restoring investment demand and increasing economic growth. According to the recently adopted Tax Code, many innovations have been introduced since this year. In particular, the number of types of taxes has been reduced from 13 to 9. Lightweight tax payment mechanisms have been introduced with the option of deferment or installment plan.

For the first time, a procedure is being introduced to return part of the value added tax to entrepreneurs when selling products. Previously, this order was applied only when exporting it. Due to this, 3.4 trillion soums will remain at the disposal of entrepreneurs, or 2.5 times more than last year.

The analysis allows us to suggest the following areas of development of the taxation system of small businesses in the Republic of Uzbekistan:

1. Creating a maximum of favorable conditions, benefits and preferences for tax and other payments for small businesses and private entrepreneurship.

2. Improving tax legislation in order to simplify it, make tax laws more transparent, expand the tax base, reduce tax rates, ensure neutral taxes with respect to certain categories of taxpayers.

3. Further work on improving the forms of statistical and tax reporting on subjects of medium and small business, their composition, number, types of activities, volumes of tax revenues, conditions for the implementation of enterprises.

4. Reducing the level of tax burden on the economy, as well as eliminating imbalances in the level of tax burden between business entities paying taxes under a simplified and generally established tax system

5. The simplicity and literacy of tax payments is also a key point in the full fulfillment by the state of its fiscal function, and in increasing the motivation for development in small businesses, without which it is impossible to increase the competitiveness of the country as a whole.

The study of problems associated with the taxation of microfirms and small enterprises is one of the relevant areas of economic research. At the same time, theoretical understanding of the concept of “small business” and the identification on this basis of the features of building its tax relations with the aim of developing recommendations for improving tax incentive methods for their activities are of great importance.

CONCLUSION

In conclusion, I want to say that through improving the legislative and legal framework of the state, reducing the tax burden, simplifying the taxation system of small businesses and private entrepreneurship, this important sector of our economy can be further developed.

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