

Distinctive Features of Taxation of Small Business and Private Entrepreneurship

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Annotation: 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. At the present stage of the development of our country, small business is aimed not only at becoming an element of structural restructuring of the economy, taking into account the peculiarities of regional development, but also at increasing local budget revenues. The tax remains the main financial instrument that regulates the relationship of small businesses with the state. Taxation in market conditions solves a double task-to provide the state with the financial resources necessary to solve the most important economic and social problems, and at the same time help to increase the production of goods and services, increase employment, including the development of small businesses.

Small business and private enterprise are the sphere of application of Labor and a source of income for a large part of the population. It is the most flexible part of the labor market, leaving the bulk of the labor force with low qualifications and no experience that would like to have a flexible working day. Often, socially vulnerable segments of the population can find work only here: women looking for a job for the first time, young people, low education levels and work experience, small businesses have become one of the important factors in the economic development of our country.

Small business development is one of the main directions of structural changes in the economy of Uzbekistan. This sector creates the necessary competitive environment, promotes the creation of additional jobs and the growth of population income.

In the Republic of Uzbekistan, there are great opportunities for the development of small business and private entrepreneurship, since our people have been engaged in small business for centuries: Potters, jewelers, confectioners, weavers and other craftsmen in their own small workshops with household goods, tools, jewelry, gold embroidery, clothing, shoes and other products individually or with their family members.

The bulk of these goods were sent for sale along the Great Silk Road. Favorable natural and climatic conditions, hard work of people, rich raw materials served the development of small business.

In modern Uzbekistan, small businesses are represented by individual entrepreneurs, microfirms, small enterprises, as well as farmers and farms.

In addition, the Government of the Republic of Uzbekistan is carrying out a number of works to create a business environment in our country that is favorable in every way for the entrepreneurial and investment environment, including improving the regulatory framework, ensuring the integrity of the benefits and preferences created for small businesses and foreign investors, preventing bureaucratic obstacles and obstacles to the organization and In particular, the draft law "on amendments and additions to the law of the Republic of Uzbekistan" on guarantees of freedom of entrepreneurial activity " is aimed at further stimulating the development of entrepreneurship, giving greater freedom to the activities of entrepreneurial subjects and simplifying the current procedure for their organization. A separate provision on the presumption of the correctness of the entrepreneurial subtext was introduced into the bill, according to which all contradictions and inaccuracies arising in the process of entrepreneurial activity are interpreted in favor of the business entity, and this helps to more fully and reliably protect their legal rights and interests.

Indeed, both the state and the taxpayer are mutually interested in reducing (within the framework of the law) and determining the optimal tax burden, since on the one hand it stimulates the financial and economic activities of enterprises, and on the other hand it provides a stable flow of funds to the state budget. The degree of influence of taxes on the activities of business entities is directly related to the tax policy of the state. The current taxation procedure directly affects the activities of business entities.

In the Republic of Uzbekistan, tax instruments are of great importance in making management decisions. With the help of tax instruments, the state can affect the general level of economic activity of entrepreneurs, since the impact of the amount of taxes paid and other mandatory payments on factors determining economic activity (the amount of receivables and creditor debts, the potential, speed and size of production and investment). the number and level of competence of manufactured products, employees) is important.

By increasing the economic activity of business entities, an increase in the volume of tax revenues is provided to the budget.

Measures such as creating favorable conditions in the field of taxation, granting benefits and preferences, improving, reducing and simplifying the procedure for submitting reports to tax authorities and statistical agencies are aimed at increasing the economic activity of entrepreneurial entities in the Republic of Uzbekistan. Also, issues of development of small business and private entrepreneurship in the Republic, along with nationalization and privatization, serve as the basis for the formation of a multi-layered market economy from the first years of independence.

Analysis and results. Small business and private entrepreneurship are independent systematic commercial activities. That is, it initially aims to profit from the sale of its goods, services, the provision of property for use, etc. Regardless of how the work is carried out, it must be registered in the manner prescribed by law.

Each state traditionally supports small business entities by reducing taxes and other mandatory fees, and makes many demands on large businesses because they generate large revenues. Naturally, in order for young entrepreneurs to properly conduct their activities, it is very important to effectively organize their accounting policy, including tax policy.

Another peculiarity of small business is that it is easier to organize, even if there is little or no work experience. And it can gradually increase in volume to an average in the future, due to an increase in annual turnover and the attraction of more resources.

A large enterprise can only be called a company that covers several regions of the country or reaches an international level. It always has a large number of end users, which means that demand exceeds supply. In a traditional way, companies are always differentiated in their work by two main

aspects: economic and legal. It is impossible to operate without taking into account organizational and legal norms.

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

In our opinion, the main tasks of public policy in the development of small business and private entrepreneurship are reflected in the following:

- Development of small business and private entrepreneurship in order to form a competitive environment in the economy of Uzbekistan;
- provide favorable conditions for the development of small business and private entrepreneurship;
- ensuring the competitiveness of small businesses and private entrepreneurship;
- help small businesses and private business entities to bring the goods (works, services) produced by them, the results of intellectual activity to the international market;
- increase the number of small business and private business entities;
- development of employment and self-employment of the population;
- increase the share of goods (works, services) produced by small businesses and private business entities in the volume of gross domestic product;
- increase in tax revenues of the budget, the share of taxes paid by small businesses and private business entities.

Small business and private business entities are an integral part of the modern economy. This sector reflects the state of economic development of the country, after all, it is able to quickly respond to its stability in any changes in market conditions, as well as the employment level and economic activity of the population. The activities of a small business and a private business entity the sector must be carried out in close contact with bodies and organizations that carry out measures to support the business by the state.

Tax policy in all countries is aimed at supporting small businesses and private businesses, in this case implementing the stimulating function of taxes, which in many cases is associated with their social functions. The field of activities of small businesses and private business entities includes both household services and the creation of high-tech models of machines that contribute to the innovative restructuring of the economy. The role of small business, especially unstable economic development, increases during periods of financial crises, since it adapts faster to new economic conditions, ensuring the transition of the tax burden to the private sector of the economy.

The issue of the development of small business and private business entities is very important for our republic the harmonization of the updated “tax code”[1]in 2019 with a new idea, that is, the organization of the activities of tax studies based on the concept of “Tax Office-Assistant to the entrepreneur” is a clear example.

On July 8, 2020, our President Shavkat Mirziyoyev noted at an extended video director Meeting: “tax authorities are responsible for creating favorable conditions for small business and private enterprise, which should literally be a partner for every entrepreneur. The new system "Tax Office – entrepreneur assistant”puts high demands on the performance of important tasks related to the business community" [2].

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

- from the first step of the entrepreneur to start a business, he selectively gives him which tax regime is convenient and profitable;

- provides a service for “living” a business-starting entrepreneur, helping to restore those who are not functioning, maintaining his accounting, filling out and submitting reports, solving what is the problem;
- determining how many entrepreneurs have violated tax legislation, not punishing an entrepreneur, how much the violation of tax legislation has decreased, and saving an entrepreneur from excess costs will be the main criterion.

Based on the above, kholda once again proves that currently the development of small business and private entrepreneurship is one of the priorities of the state policy aimed at ensuring the growth of the economy of Uzbekistan.

Taxation of small businesses and private business entities is one of the most important factors affecting the development of our country. At the national level, various measures are being implemented to stimulate the activities of small businesses and private entrepreneurship, which is manifested in the simplification of the procedure for the organization of small enterprises, in the provision of 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 stimulate the entry of entrepreneurs into the field of small business.

According to the statistical agency under the president of the Republic of Uzbekistan, the number of small enterprises and micro-enterprises operating 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. (Figure 1).

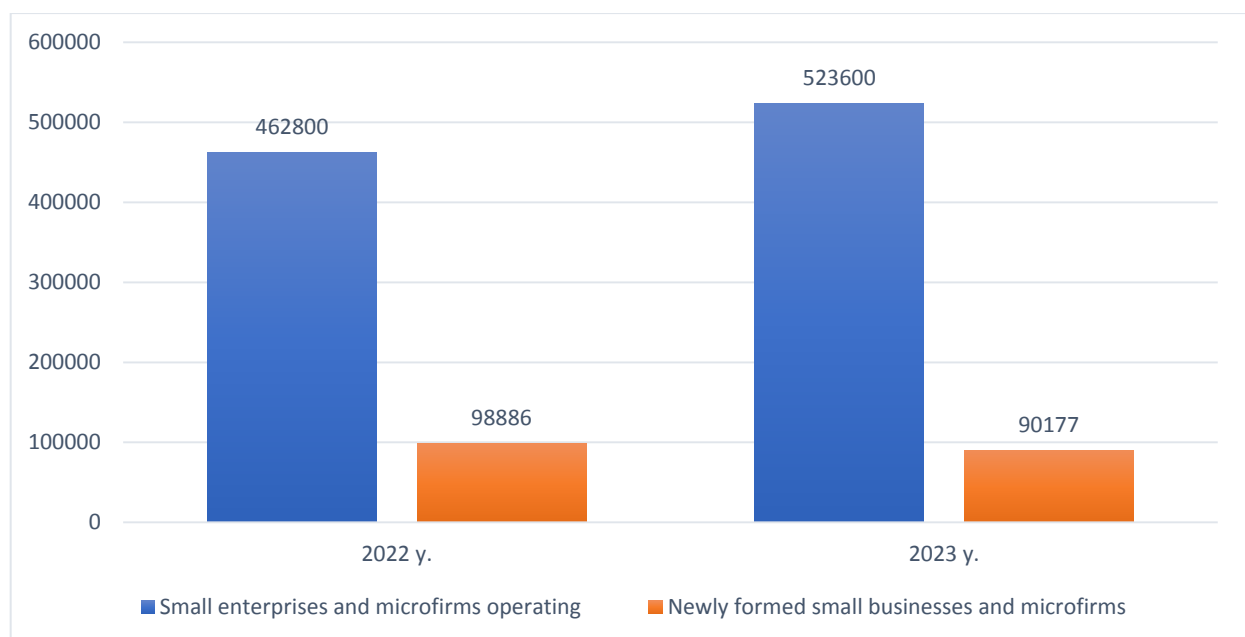


Figure 1. Number of small enterprises and microfirms operating and established as of January 1, 2023.

In recent years, as a result of the decisions and decrees adopted by the president of the Republic of Uzbekistan to support small business entities and qualitatively improve the business environment, as well as the great attention given to this area, the business environment of small enterprises and microfirms is improving from year to year.

The implementation of such a tax policy, which will help to rapidly develop entrepreneurship, increase its business activity and increase tax revenues to the budget, is a prerequisite for the development of the economy. The amounts of tax benefits of small and medium-sized businesses form state financial resources and serve as a means of economic impact on social production, its dynamics and structure.

According to the tax committee under the Ministry of economy and finance of the Republic of Uzbekistan, in the first quarter of 2023, small enterprises paid taxes of more than 2.8 trillion soums. Their total turnover amounted to 27.4 trillion soums, while the amount of tax benefits applied amounted to 1 trillion soums, leading by 44% against VAT – 10.7 billion soums or the total share in the cross section of tax types paid by small enterprises [3]. (Figure 2).

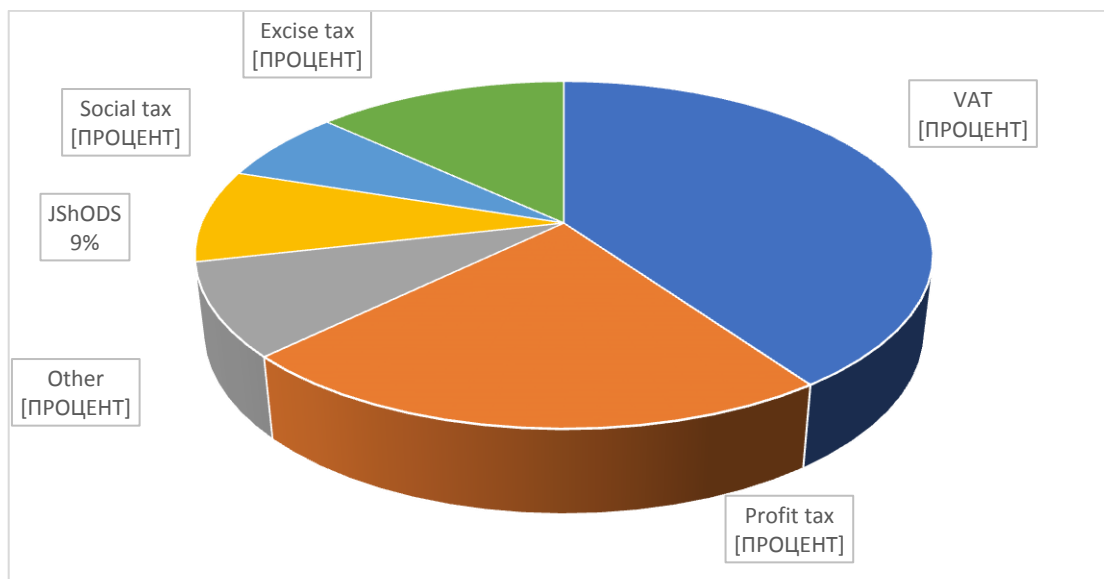


Figure 2. In the cross section of types of taxes paid by small enterprises in the i quarter of 2023

Taxation occupies one of the most important places in the general system of value relations of the market economy and represents the most important element of the economic mechanism of public production management. Taxes are the largest sources of state budget revenue. A correct understanding of the economic nature of taxation is the basis for improving the mechanism of practical use of this category in the economy.

The stability of the functioning of small business entities and their investment attractiveness depend on the efficiency and effectiveness of the tax system.

A reasonable system of taxation of small businesses, based on the recognition of the high economic and social importance of small firms, should be based on the following principles:

- small business should not be considered only as one of the main fillers of the budget, it is a social phenomenon that provides employment, the implementation of entrepreneurial activity, innovation, etc.;
- the supposed equality of taxpayers should compensate small businesses for increased risks, limited access to production resources and large unit costs of settlements with the state in comparison with other economic entities through the number of tax exemptions and schemes;
- stability and ease of taxation;
- providing the regions with maximum freedom to regulate the parameters of the small business taxation system, which has, first of all, regional specifics.

From the first years of the creation of the foundations of the market economy, the leadership of Uzbekistan paid great attention to the development of the legislative and legal framework, the organization of financial support, the protection of Entrepreneurs ' Rights, the training and retraining of personnel, the development of a small service market infrastructure of business. Today we will see the effect of this work.

The main priorities for the development of this sphere were established — the creation of a comfortable business environment for business development, the implementation of measures to give entrepreneurship a wide ground, the further large-scale reduction and expansion of the

intervention of state and regulatory bodies in the financial and economic activities of business entities. to ensure the provision of credit, raw materials of small business entities, to create the necessary organizational and legal and financial mechanisms and conditions for the development of the export potential of this industry. In the years of independence, the cherished results aimed at the development of small business and private entrepreneurship and the measures taken are a vivid indication that a favorable business environment has been formed, and there are all opportunities for further development of the economy of Uzbekistan.

Conclusions: It is inevitable that public policies aimed at supporting small businesses and private businesses will continue in the following years and increase this sector's share of the economy year after year, after all, this is the ultimate goal of today's reforms. In our opinion, it is advisable to carry out the following measures to ensure stable economic growth rates by further developing the activities of these subjects, strengthening the economic potential of the regions and increasing the economic activity of the population:

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

Secondly, it is necessary to reduce taxes on scientifically based accounts, to justify the optimal ratio of direct and indirect taxes.

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

In short, it is necessary to avoid the fact that taxes and mandatory payments take away a significant share of entrepreneurs' income, do not limit financial potential and entrepreneurial enthusiasm, negatively affect the processes of attracting investments in the real sector of the economy. Taking these into account, the effective use of the tax incentive mechanism serves as a powerful factor in ensuring economic growth. The decrease in tax rates has a positive effect on the overall level of supply in the national economy, on the increase in the income of entrepreneurs and the population, and ultimately ensures an increase in the savings and capital of the entrepreneur.

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