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TAX FACTORS FOR SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP: STATUS, PROBLEMS AND SOLUTIONS

Abstract. The article discusses the issues of improving the tax factor for the development of small business and private entrepreneurship, its current problems and ways to solve them, the prospects of stimulating the development of small business and private entrepreneurship through tax incentives.

Key words: small business and private entrepreneurship, tax regime, tax incentives, simplified taxation, tax reform, investment tax credit.

Introduction

Continuation of the policy of reducing the tax burden and simplifying the taxation system in the third direction of the Action Strategy "Further development and liberalization of the economy" to provide additional motivation to small business and private entrepreneurship in the implementation of the Action Strategy for the five priority areas of development of the Republic of Uzbekistan in 2017-2021. Improving tax administration and expanding appropriate incentives, as well as creating a favorable business environment for the development of small business and private entrepreneurship, reducing government interference in the activities of business structures, ensuring the free operation of taxpayers and providing them with the necessary assistance to expand their activities.

Great attention is paid to creating a favorable investment climate and an attractive investment climate, promoting fair competition, and encouraging the rapid development of small business and private entrepreneurship. This approach is primarily explained by the priority of rapid development of the private sector in the economy of the republic.

Thanks to the measures taken over the past 5 years, Uzbekistan has risen from 146th to 76th place among 190 countries in the ranking of the World Bank and the International Finance Corporation "Doing Business".

Today, more than 90 percent of all businesses are small businesses. The main goal of small business development is to expand the share of the private sector in the country's economy, increase the self-employment of the population, especially youth, as well as increase the income from entrepreneurial activities to 70% of the total income structure. It is also planned to increase the turnover of small businesses by 2018, primarily due to the legalization of their activities, as well as increase labor productivity in this sector by at least 7%.

It should be noted that the measures taken will help to further strengthen entrepreneurship, diversify the economy, increase the share of private property in it, attract investment for modernization and technological renewal of production.

As a result, the share of small business in GDP in 2030 will increase to 70.1% (59.4% in 2018), industry to 54.3% (34.7%), investment to 52.3% (34.9%), exports to 45.2% (26.5%) [1].

As noted in the Address of the President of the Republic of Uzbekistan Sh. Mirziyoyev to the Oliy Majlis in 2020: "The only way to eliminate the 'hidden' economy is to reduce the tax burden on the basis of the new tax concept, increase the competitiveness of our economy through the application of a simple and stable tax system, create a favorable environment for entrepreneurs and investors."

Decisions made in recent years on the system of taxation of small businesses have introduced some misunderstandings, various controversial issues, including the application of the simplified taxation procedure, the turnover of a single tax payment of more than 1 billion soums. Under the simplified taxation procedure, 1 bln. The introduction of the soum is aimed at legalizing the hidden income and increasing the fiscal function of taxes, on the one hand, and on the other hand, it is necessary to equalize the tax burden on the general and simplified taxpayers.

As the head of our state Sh. Mirziyoyev noted: "Our citizens should not be interested in tax evasion, but in its timely payment. The main idea of the new tax concept, which will be introduced from 2019, is to reduce the tax burden, to apply a simple and stable tax system. In this way, we can increase the competitiveness of our economy, create a comprehensive environment for entrepreneurs and investors.

Law of the Republic of Uzbekistan No. ZRU-508 of December 24, 2018 "On amendments and additions to some legislative acts of the Republic of Uzbekistan in connection with the adoption of the main directions of tax and budget policy for 2019" and the Decree of the President of the Republic of Uzbekistan dated December 26, 2018 Resolution No. PP-4086 "On the forecast of key macroeconomic indicators and parameters of the State Budget and budget targets for 2020-2021" guarantees the implementation of the simple and stable tax system, as noted by the President.

Main part

The country's economy includes interconnected industries and sectors. This deepening and development, expansion of the division of labor, in turn, makes it necessary to ensure the balance of activities of all sectors and industries. The emergence of such a balance creates the basis for the balanced development of the economy and the welfare of the population. The higher the use of natural and labor resources, the greater the material basis for the success of the economy, human consumption, its higher standard of living. One of the features of modern production is the efficient use of labor resources, saving labor, ensuring its safety and freedom.

There are various ways to define the scope of small businesses, one of which is to identify businesses based on their area of activity and the number of people

employed in them. Depending on the nature and objectives of the activities of these small businesses, a specific organizational and legal form is selected [2].

Entrepreneurial activity manifests itself as a form of business and is carried out in its various branches. Thus, an entrepreneur is an enthusiastic person with full or partial material or financial resources, who uses this resource to organize his business. The firm (organization, company, enterprise) created by him will become a part of developing small business in our country [3].

Today, a lot of attention is paid to the support of enterprises in the real sector of the economy, first of all, modernization of production, expansion of cooperation, establishment of strong cooperation, stimulation of domestic demand for domestically produced products. In particular, special attention is paid to the implementation of the following:

1. Take appropriate measures to support economic structures to reduce the tax burden, simplify and unify the taxation system.

2. Revision of overdue and current accounts payable of enterprises on payments to the budget and extra-budgetary funds for the purpose of state support.

3. Implementation of measures to reduce costs associated with the organization of business entities.

It is worth noting three important areas of state support for entrepreneurship. These are;

- Improving the order in foreign market relations;
- Improving fiscal and credit policies governing the financial condition of the enterprise;
- introduction of the mechanism of self-regulation of the existing state institutional system.

The state performs such tasks through the use of a coordination mechanism.

Further improvement of the business environment, creation of the most favorable investment climate, increasing the transparency of public and economic administration, on this basis, radically improving the business environment, creating new jobs and the population in the private sector of the economy In order to increase employment, the President of the Republic of Uzbekistan on August 13, 2019 "On additional measures to radically improve the system of protection of private property and strengthening the guarantees of property rights, support for entrepreneurial initiatives, as well as financial resources and production Resolution No. PQ-5780 "On expanding access to infrastructure" was adopted. In accordance with this decision, the moratorium on tax audits of financial and economic activities of small businesses that pay taxes and other mandatory payments on time, as well as ensure sustainable growth and profitability of production, has been extended until January 1, 2021.

A number of programs are being implemented to provide financial support to various segments of the population, including young people, low-income and vulnerable citizens and small businesses. More than 7.2 trillion soums have been allocated for the implementation of the "Every Family is an Entrepreneur" program alone.

As the world experience shows, the development of small business and private entrepreneurship in general contributes to the emergence of the middle class, the expansion of a stable tax base. At the same time, the development of small business and private entrepreneurship plays an important social role, especially in creating new jobs in rural areas and solving the problem of employment among young people [9].

It should be noted that the tax system is constantly being improved, depending on the direction of state economic policy and taking into account the results of existing taxes. Current measures to improve it are aimed at rational reduction of taxes, consolidation of some payments, introduction of a simplified and preferential system for small and private businesses. In particular, the new version of the Tax Code of the Republic of Uzbekistan, which came into force on January 1, 2020, provides for the transition to a simplified system of taxation for small businesses, ie a single tax instead of various taxes.

The transition to such a system should facilitate the work of accounting and reporting staff in the tax authorities and reduce the number of potential violations and irregularities. According to the tax authorities, about a quarter of small businesses have switched to a single tax payment. This does not significantly reduce the tax burden. Because under the new tax system, income from the sale of products is taxed, not profit. In this case, a single fixed tax rate is established for all categories of taxpayers, regardless of the size of the enterprise, output and profit.

As the economy develops and improves over the years, taxes take precedence. Therefore, in order to ensure macroeconomic stability, one of the most pressing issues today is to increase the share and quality of products created by small businesses operating in the country in GDP, the effectiveness of employment.

In order to determine the place of the single tax payment in the system of taxation, it is expedient to study its place in the system of state budget revenues of the Republic of Uzbekistan.

Table 1

Dynamics of change in the share of the single tax in state budget revenues (in percent)¹

Indicators	2017 year	2018 year	2019 year
Without the income of state trust funds - total	100	100	100
Direct taxes	25,8	23,6	23,0
Allocations to the state budget from the single tax payment from trade and catering enterprises	3,3	3,3	3,4

¹Prepared on the basis of appendices to the decisions of the President of the Republic of Uzbekistan.

Allocations from the single tax payment to the state budget	3,0	2,9	3,1
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The table shows that the share of the single tax payment in the state budget is not so high. The dynamics of single tax revenues in 2017-2019 has an upward trend, its share in total revenues in 2017 was 6.3%, in 2018 - 6.2%, in 2019 - 6.5%, ie its share in total revenues was 0 , An increase of 3 percentage points.

Single tax rates for 2019 were approved by the Decree of the President of the Republic of Uzbekistan dated December 26, 2018 No RQ-4086 "On the forecast of key macroeconomic indicators and parameters of the State Budget of the Republic of Uzbekistan for 2019 and budget targets for 2020-2021". it is categorized as follows:

Table 2

Single tax rates ²

T/p	Payers	Tax rates, as a percentage of the taxable base
1	Legal entities in all sectors of the economy, except as provided in paragraphs 2-8	4*
2	Legal entities providing customs clearance services (customs brokers)	5
3	Pawnshops	25
4	Legal entities that receive income from the organization of public performances by attracting legal entities and individuals (including non-residents) licensed to engage in concert activities	5
5	Brokerage agencies (except for those specified in paragraph 6), as well as legal entities providing brokerage services under brokerage, bidding agreements and other contracts for the provision of brokerage services	25**
6	Legal entities engaged in brokerage activities in the securities market and commodity exchanges	13**
7	Legal entities whose main activity is leasing of property (except for leasing companies)	30
8	Procurement organizations for the purchase, sorting, storage and packaging of agricultural products	4% of trade turnover or 25% of gross income

Note: *) the amount of interest income on financial lease (leasing) for enterprises that lease property.
 **) as a percentage of the amount of remuneration (gross income).

From January 1, 2019, the fixed tax rate paid by individuals engaged in entrepreneurial activities without obtaining the status of a legal entity is as follows (Table 3).

Fixed tax rates for individual entrepreneurs ³

² Taken from the Resolution of the President of the Republic of Uzbekistan dated December 26, 2018 No RQ-4086 "On the forecast of key macroeconomic indicators and parameters of the State Budget of the Republic of Uzbekistan for 2019 and budget targets for 2020-2021."

³ Taken from the Resolution of the President of the Republic of Uzbekistan dated December 26, 2018 No RQ-4086 "On the forecast of key macroeconomic indicators and parameters of the State Budget of the Republic of Uzbekistan for 2019 and budget targets for 2020-2021."

T/p	Activity type	Fixed monthly tax rate (in soums)			
		Tashkent c	Nukus c. and cities under the province	Other cities	Other places
1	Retail:				
	with food and non-food items	1 000 000	750 000	400 000	300 000
	with agricultural products in farmers' markets *	400 000	200 000	100 000	50 000
	with newspapers, magazines and book products	500 000	250 000	200 000	50 000
2	Household services	350 000	200 000	100 000	50 000
3	Production and sale of own products, including the preparation and sale of national sweets and bakery products, as well as the preparation and sale of certain types of food sold in bulk at home or in specially designated areas by the decision of local authorities	300 000	200 000	100 000	50 000
4	Children's slot machines	300 00	200 000	100 000	50 000
5	Other activities	300 000	200 000	100 000	50 000
6	Road transport services:				
	For trucks with a carrying capacity of up to 3 tons	200 000			
	For trucks with a carrying capacity of more than 3 tons	300 000			

**) Livestock (livestock, raccoon, fur and other animals, fish, etc.) and their products slaughtered, raw or processed, in addition to industrial processing, livestock, beekeeping and agricultural products are natural and excluding sales in processed form (except for ornamental horticultural (floriculture) products).*

In accordance with the Law "On the State Budget of the Republic of Uzbekistan for 2020" introduced two important innovations in the taxation of individual entrepreneurs.

The first is that from 2020, the trade turnover will reach 100 million. Individual entrepreneurs (YTTs) were given the right to choose the procedure for payment of personal income tax instead of the fixed tax.

In particular, the NTO may choose to pay personal income tax (at the rate of 12 percent) or income tax in a fixed amount by submitting a declaration to the tax authority on the income received.

Second, from 2020, the amount of fixed income tax amounts for NPOs has been significantly reduced.

Conclusion

In the course of our research on improving the mechanism of taxation of small businesses and reducing the tax burden, the following scientific conclusions were made:

1. One of the most pressing issues in the context of modernization of the economy is the value added in the financial statements in order to determine and regularly analyze the real level of the tax burden on small businesses. It is also advisable to include an indicator.

2. Determining and substantially reducing the optimal option of the level of tax burden on enterprises is a complex process, and the percentage analysis performed may not reflect the real situation in practice.

When comprehensive measures are taken to address the factors affecting the level of the tax burden, it is possible to achieve a truly reasonable reduction in the tax burden on the enterprise. These factors are inextricably linked and, in our opinion, include: the number, size and level of taxes, levies and contributions to extra-budgetary funds paid by the enterprise in the chosen system of taxation; established benefits and conditions of their application; formation of the tax base of taxes and levies features; the level of solvency and financial soundness of enterprises.

3. An in-depth analysis of the tax planning process, which is effectively used in the activities of business entities in developed countries, was based on the expediency of expressing this concept as follows. Business tax planning is the process of reducing taxpayers' tax liabilities within the law, minimizing production costs, maximizing profits through efficient investment and identifying additional sources of income, efficient use of property, and the introduction of new innovative techniques and activities. is a set of actions aimed at reducing taxes with.

4. It is necessary to improve the existing mechanism for the transition of existing micro and small enterprises from the general taxation regime to the simplified taxation regime and, conversely, from the simplified procedure to the general taxation regime. Because, in our opinion, the mandatory establishment of the procedure for recalculation of general taxes and fees for the previous period, and non-compliance with this procedure is the basis for the imposition of financial sanctions, in our opinion, contradicts the principles of taxation.

In general, we would like to make the following suggestions and practical recommendations for improving the tax factor for the development of small business and private entrepreneurship:

1. At least two criteria in determining the status of small business and private entrepreneurship, namely, the number of people employed in the enterprise and

the amount of annual working capital of the enterprise should be obtained. In our opinion, it is unreasonable to take the number of employees as the sole criterion for granting the status of a small enterprise in the support of the state, the provision of tax benefits. Given the number of employees in small businesses as a criterion for identification, it may hinder the objective resolution of employment, which is one of the most pressing issues for Uzbekistan.

2. Based on the results of the research, we consider it appropriate to define the tax burden as follows: the tax burden is based on the current tax legislation, all taxes and other mandatory payments, levies, other than the budget, calculated and

paid by the business entity during the reporting period. contributions to funds and taxes by the business entity is the sum of administrative expenses, expressed as a percentage of the value added created during the reporting period of the business entity.

3. In our opinion, it is expedient to introduce stratified rates based on the share of value added created in the enterprises of the sector in setting OTR rates. Because

Although the development of enterprises in some sectors plays an important role in the economy, the current tax rate for them is low, but the fact that they do not take into account the results of their activities in determining the tax base does not provide sufficient incentives for this type of activity. On the contrary, it is a priority in the economy. Despite the high rate of OTR in non-taxable sectors, the share of gross income as an object of taxation in the enterprises engaged in this activity is a relatively small share of OTR in sales revenue. This creates an unhealthy competitive environment in small businesses engaged in a variety of activities.

4. In order to improve the current practice of calculating the property tax and use it as a tool to encourage the efficient use of property, in the taxation of fixed assets on the balance sheet of business entities, based on their direct participation in the production process, divided into active and passive fixed assets. In this case, it is advisable to apply the practice of setting tax rates. In this case, the tax should be levied at a lower rate on active fixed assets that are directly involved in the production process, and on passive fixed assets that are not directly involved in the production process. The introduction of this practice will force the company to make efficient use of underused administrative buildings and encourage investment in fixed assets involved in the production process.

5. Delay in payment of OTR to newly established micro and small enterprises for financial and economic activities of enterprises expanding the scope of the positive impact of the tax incentive provided in the form of in order to do so, the enterprise received the amount of deferred tax in those months. It is necessary to introduce the practice of distribution in proportion to the amount of income and to improve the process of granting the right to defer payment of OTR.

6. Accounts receivable that have not been collected during the claim period when the amounts are recognized by the economic court as "bad debt", a single tax payment to the state budget at the time of shipment of the product. The amount equal to the amount of the overdue "bad debt" must be returned to the enterprise. This will serve to improve the mechanism of implementation of the OTR on the basis of the principle of fair taxation.

7. In the process of transfer of OTR to the state budget by small enterprises producing goods, works and services, it is expedient to establish the procedure for the transfer of OTR, calculated by small enterprises, to the state budget in full. As a result, on the one hand, the procedure for collecting OTR in small enterprises will be adjusted to the tax principles, on the other hand, the redundancies made by the tax authorities and small enterprises will be eliminated.

8. In small enterprises that have voluntarily switched to YAT and VAT, it is advisable to fully reduce the amount of YAT to VAT. The application of this practice will serve to improve the mechanism of VAT accounting between counterparties and create a healthy competitive environment in the formation of prices.

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