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## TAX BENEFITS ANALYSIS OF TAXATION OF INDIVIDUAL ENTREPRENEURS AND SELF-EMPLOYED PERSONS

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**Abstract:** The article describes individual entrepreneurs and self-employed individuals. Procedural and practical recommendations were offered to increase the importance of taxation of individual incomes in the formation of budget revenues. In addition, a study was conducted on the current state of taxation of individual entrepreneurs and self-employed persons, studies of economists were studied within the scope of the topic, and conclusions and proposals were formed.

**Keywords:** personal income tax, land tax, real estate, local budget, local budget revenues, local authorities, local taxes, tax, tax rate, tax reporting, tax revenues, tax benefits.

**Introduction:** As one of the main factors of the competitiveness of the national economy in the countries of the world, the importance of ensuring the financial stability of the state budget at various levels is increasing. "In many developed countries, the state budget is considered as a source of income, which includes taxes paid on the income of individuals and joint property. In particular, the share of personal income tax in budget revenues is 35.9% in the USA, 35.1% in Germany, 30.4% in the Russian Federation, 25.8% in Great Britain, and 6.9% in China. ... The share of personal real estate tax in the structure of local budget revenues was 40.1% in Canada, 40.0% in France, 30.0% in Great Britain, 19.6% in the USA, and 9.0% in the Russian Federation. It is important to improve the impact on economic development by regulating the stability, collection and collection of income tax from individuals and real estate tax as part of budget revenues.

Over the past five years, comprehensive reforms of reforms in Uzbekistan have affected almost all sectors of the economy, society and the state sector. Despite the fact that the transformation of Uzbekistan is still at an early stage, the following result can be determined, which determines the positive progress of the country in achieving its development goals:

Private sector performance was positive, with reforms aimed at liberalizing trade



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(domestic and foreign) and improving the business environment leading to an increase in new registrations, including in sectors such as wholesale trade, which is constrained by heavy licensing regulations. The reform of the tax system is aimed at eliminating obstacles that hinder the growth of companies' incomes and employment, the transition from turnover taxation to profit taxation, and the registration of new taxpayers - legal entities and individuals. supported a record increase in take. Registrations of new firms and taxpayers reached record levels in 2019, and indicators point to a steady recovery in 2021. Despite the gradual implementation of the reform of state-owned enterprises, opportunities for the small and medium-sized business sector are increasing as a result of the reduction of state production. About 600 small and medium-sized state-owned enterprises, a fifth of their total number, were sold through auctions or liquidated after the start of systemic reforms in 2019.

- increasing inclusiveness, where economic empowerment and protection of vulnerable households from transition shocks was an important part of the reform strategy. In 2019, the government abolished one of the least popular forms of state policy - restrictions on the issuance of residence permits, which had been used since the Soviet era to sharply limit migration to Tashkent and other cities. As a result of the implementation of tax reforms, the practice of penalizing companies with more than 100 employees was abolished, as a result of which more than a million new taxpayers were registered in 2019. In most cases, we have been talking about informal workers. In the period after 2017, the coverage of higher education in Uzbekistan, which is one of the lowest indicators in the Europe and Central Asia region, increased by 60%. Reforms to combat gender-based violence and guarantee equal opportunities and equal pay for women have helped create a more supportive institutional environment for increased economic and social integration.

In Uzbekistan, freed from the restrictions imposed by the old management methods, the private sector is gradually taking shape. In Uzbekistan, according to the previous model, strictly controlled capital was overinvested in sectors that provide high growth rates but have little job creation potential, such as mining and metallurgy. The distribution of land resources was carried out under the direction of the state, and workers could not leave the fields of activity with low labor productivity. The disproportionately high tax burden on medium and large enterprises has forced private firms to remain small, operate informally, and use inefficient methods. Ultimately, such government policies severely limited the growth and emergence of



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a strong, competitive and efficient private sector.

According to the presidential decree "On additional measures to support the employment of young people and provide them with permanent employment", from May 1, 2023 to January 1, 2025, employers ( budget organizations, state enterprises, legal entities with a state share of 50 percent or more in the charter fund, as well as those paying social tax at the rate of 1 percent) the amount of social tax paid by them for employees under the age of 25 will be fully covered from the budget. For information, from May 1, 2021 to January 1, 2023, in order to encourage the employment of young people, the procedure for compensating the social tax paid by them was introduced to enterprises that employ personnel under the age of 25. In this case, employers were fully reimbursed from the state budget for young employees who worked continuously for 6 months starting from the 7th month. According to this system, 170 billion soums of social tax was paid in 2021-2022. As a result, employment of 27,000 young people was provided. By extending the term of this procedure, it is planned to ensure the employment of 30,000 more young people in 2023-2024. The number of young people under the age of 30 in Uzbekistan is more than 19 million or 55% of the population. 600,000 young people enter the labor market every year, and it is predicted that this number will reach 1 million in the next 10 years."

"The President's decision on additional measures for the further development of the economy was adopted. The decision allowed employers to engage self-employed persons as housekeepers. Accordingly, the list of types of activities (jobs, services) that self-employed persons can engage in (19 items) has been completed.

For entrepreneurs who have attracted more than 30 homemakers for more than 3 months from March 1, 2023 to January 1, 2026, and whose income from the products produced on the basis of it is more than 60% of their total income:

- the tax base of profit and turnover tax is reduced by 50%;
- rent payment for the use of some state properties 50 percent is determined;
- 50 percent advance payment is made by customers in contracts concluded within the framework of state procurement.

Pupils of "Master-Apprentice" schools pay social tax according to the established procedure for self-employed persons. When providing child support and financial assistance to low-income families, their incomes received during the period of up to 6 months of seasonal involvement in household or agriculture are not taken into



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account. According to the decision, the Homestead Support Fund will be established, and from March 1, 2023, a one-time subsidy in the amount of 1 month's income of each homesteader will be allocated to entrepreneurs from the fund's account for the first 3 months of activity. The following subsidies are allocated to entrepreneurs:

- Until January 1, 2025, up to 30 times of BHM for the purchase of equipment and raw materials for unemployed and job-seeking citizens who are engaged in household business;
- up to 40 times of BHM for adapting the workplace of disabled people working at home on a household basis;
- up to 2 times of BHM for vocational training of home workers.

To replenish working capital for entrepreneurs based on the recommendation of assistant mayors:

- a loan of up to 2 million soums for each householder, up to 300 million soums at 14% per annum, up to 3 years with a grace period of up to 6 months;
- An interest-free loan of up to 1 million soums for each householder, a total of up to 150 million soums for a period of up to 2 years, will be allocated from the fund account”<sup>1</sup>.

### Based on the above, we offer the following:

In addition to the implementation of positive reforms in the taxation of individual entrepreneurs, we can observe the following situations that should be paid attention to in this area:

According to paragraph 7 of the Decree of the Resident of the Republic of Uzbekistan No. RF-5270 of December 1, 2017, from January 1, 2018, regardless of the type of activity and the place of its implementation, individual entrepreneurs who are considered persons with disabilities of groups I and II a fixed tax rate of 50% of the base calculation amount per month is set. However, in accordance with the legislation, the tax rate of 50,000 soums, which is less than 50% of the minimum wage, is applied to individual entrepreneurs engaged in household services and some other types of activities, which is logically negative. In our opinion, it is positive to change this norm in such a way that individual entrepreneurs who are considered as persons with disabilities of the I and II groups pay a fixed tax in the amount of 50% of the tax rate applied to the type of activity and the place of activity.

At the same time, based on this document, a fixed tax rate of 15% of the minimum

<sup>1</sup> [www.lex.uz](http://www.lex.uz). Ўзбекистон Республикаси Президентининг қарори, 23.02.2023 йилдаги ПҚ-70-сон қарори



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wage per month is applied to every worker hired by an individual entrepreneur at the expense of persons with disabilities of groups I and II. However, today, in accordance with paragraph 2 of paragraph 7 of the decision of the Resident of the Republic of Uzbekistan dated July 14, 2018 No. RQ-3856, from August 1, 2018, all employees hired by individual entrepreneurs are exempted from paying the fixed tax. Therefore, the above circumstances require the amendment of paragraph 7 of the Decree of the Resident of the Republic of Uzbekistan dated December 1, 2017 No. RF-5270.

### List of used literature

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