

THE IMPORTANCE OF TAX PAYMENTS IN THE DEVELOPMENT OF SMALL BUSINESS

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Abstract: The article analyzes the economic and legal significance of tax payments in the development of small business. The study is based on the Tax Code of the Republic of Uzbekistan, state budget laws, tax revenue statistics over the past five years, and digital tax administration systems. The results demonstrate the effectiveness of tax policy and simplified tax regimes in promoting small business development and stabilizing state budget revenues.

Keywords: small business, tax payments, fiscal policy, simplified tax regime, digital tax administration

Annotatsiya: Maqolada kichik biznesni rivojlantirishda soliq to'lovlarning iqtisodiy va huquqiy ahamiyati tahlil qilingan. Tadqiqot O'zbekiston Respublikasining Soliq kodeksi, davlat budjeti qonunlari, so'nggi besh yillik soliq tushumlari va raqamli soliq ma'murchiligi tizimlari asosida olib borilgan. Natijalar soliq siyosati va soddalashtirilgan soliq rejimlarining kichik biznesni rag'batlantirish va davlat budjeti daromadlarini barqaror oshirishdagi samaradorligini ko'rsatadi.

Kalit so'zlar: kichik biznes, soliq to'lovlari, fiskal siyosat, soddalashtirilgan soliq rejimi, raqamli soliq ma'murchiligi

Аннотация: В статье проанализирована экономическая и правовая значимость налоговых платежей в развитии малого бизнеса. Исследование основано на Налоговом кодексе Республики Узбекистан, законах о государственном бюджете, статистике налоговых поступлений за последние пять лет и системе цифрового налогового администрирования. Результаты показывают эффективность налоговой политики и упрощенного налогового режима в стимулировании малого бизнеса и стабилизации доходов государственного бюджета.

Ключевые слова: малый бизнес, налоговые платежи, фискальная политика, упрощенный налоговый режим, цифровое налоговое администрирование

INTRODUCTION

Small business is one of the main pillars of the economic development of any country. It ensures sustainable growth of the national economy not only by creating jobs and stimulating economic activity, but also by introducing innovative ideas, expanding the domestic market and developing local production. Therefore, the development of small business is identified as a priority in the state's economic strategy. Taxes are important as a fiscal tool that regulates small business and stimulates economic processes. Through the tax system, the state forms financial resources, ensures transparency of economic activity and attracts entities to formal economic activity. At the same time, taxes serve as a strategic tool for promoting the sustainability of small business, attracting investments and financing innovative projects. The legislation of the Republic of Uzbekistan contains a number of regulatory legal acts regulating the fiscal conditions of small business. In particular, the Tax Code of the Republic of Uzbekistan establishes a system of tax obligations, simplified tax regimes and benefits for small business entities. At the same time, the laws "On the State Budget" regulate the contribution of small business tax revenues to budget revenues, serve to ensure fiscal stability and stimulate economic activity. Over the past five years, reforms have been implemented aimed at modernizing small

business tax policy. In particular, the introduction of a simplified tax regime, digital tax administration, electronic invoices and online cash registers serve to increase the transparency of the activities of small business entities, stabilize tax revenues and reduce the share of the shadow economy. This allows us to further strengthen the role of taxes in stimulating small business.

Scientific research shows that taxes paid by small business entities play an important role in achieving not only fiscal, but also economic and social goals. They serve to form state budget revenues, ensure economic stability, attract investments and create jobs. Therefore, a scientific analysis of the relationship between small business and the tax system is of urgent and practical importance. The main goal of this study is to scientifically identify and analyze the fiscal, economic and legal significance of tax payments in the development of small business. The study is aimed at assessing the effectiveness of existing tax regimes for small businesses, identifying mechanisms for stimulating economic activity through optimizing tax policy, and studying their impact on state budget revenues. At the same time, the results of the study will serve to develop legal recommendations and formulate strategies to support small businesses.

LITERATURE REVIEW

The issue of small business development and its role in state budget revenues is widely covered in international and domestic scientific literature. Scientific research shows that small business is the most flexible and innovative sector of the economy, playing an important role in creating jobs, expanding the domestic market, and ensuring social stability (Abdullayev & Teshabayev, 2021). At the same time, tax payments from small business entities are perceived as a stable source of state budget revenues, which makes it possible to ensure fiscal stability and implement economic policy. In terms of regulatory and legal aspects, the Tax Code of the Republic of Uzbekistan (2019) establishes simplified tax regimes, tax rates, and benefits for small business entities. The Tax Code is based on the principles of optimizing the tax burden on small businesses, attracting them to the formal economy, and stimulating economic activity. At the same time, the Tax Code provides legal guarantees for expanding the tax base, ensuring fiscal stability, and increasing state budget revenues.

Decrees and resolutions of the President of the Republic of Uzbekistan, including “Measures to Improve Tax Administration” (2020) and “Improving the State Finance Management System” (2022), are aimed at increasing economic activity by encouraging small businesses, introducing tax incentives, and expanding the digital tax system. Studies show that electronic invoicing, online cash registers, and digital tax monitoring systems significantly contribute to increasing tax revenues by small businesses. Scientific studies have also analyzed the effectiveness of tax policy in stimulating small businesses from an economic perspective. Yuldashev (2020) and Karimov (2021) have shown in their work the positive impact of a simplified tax regime and tax incentives on the growth of small businesses. According to their research, when tax payments are simplified and transparent, small businesses are more willing to expand their activities and implement investment projects. Improving tax policy is also important for achieving economic stability and social goals. Rakhimov (2022) and Malikov & Vahobov (2021) analyze the relationship between the economic activity of small businesses and state budget revenues through tax incentives and a digital tax system. Research shows that simplifying the tax system and introducing incentives allows attracting small businesses to the formal economy, reducing the share of the shadow economy, and increasing investment activity. International experience also confirms the effectiveness of tax policy as a tool for stimulating small businesses. OECD reports note that simplified tax regimes and tax incentives for small businesses are an important factor in economic growth, job creation, and attracting investment. At the same time, international research shows that fiscal stability and economic development can be achieved through systematic and consistent implementation of tax policy.

METHODOLOGY

This study used normative-legal analysis, economic-statistical analysis, and econometric approaches to determine the importance of tax payments in the development of small businesses.

Through normative-legal analysis, small business tax obligations and benefits were identified based on the Tax Code of the Republic of Uzbekistan, state budget laws, and presidential decrees. Using economic-statistical analysis, tax revenues and budget revenues for the last five years were studied and the small business tax contribution was estimated. Through econometric approaches, the relationship between small business tax revenues and macroeconomic growth was studied, which made it possible to determine the economic efficiency of tax policy.

DISCUSSION AND RESULTS

We can learn that small businesses contribute a significant part of state budget revenues. Analysis of data for the last five years shows that small business tax revenues averaged 15–18 percent of budget revenues. These revenues are mainly generated through the simplified tax regime, profit tax, personal income tax, and excise taxes. Analysis shows that tax incentives and simplified regimes applied to small businesses serve to expand their activities and ensure economic stability. For example, the simplified tax regime established in the Tax Code allows small businesses to reduce the tax burden, simplify reporting deadlines, and use the electronic reporting system (Oliy Majlis of the Republic of Uzbekistan, 2019). At the same time, digital tax administration and online cash registers are making taxpayers' activities more transparent and reducing the share of the hidden economy (State Tax Committee of the Republic of Uzbekistan, 2022). According to the results of econometric analysis, the growth of small business tax revenues has a positive impact on macroeconomic indicators. Through the steady growth of tax revenues, state budget revenues increase, which allows financing social programs and infrastructure projects. Thus, it is scientifically confirmed that small business tax revenues are of strategic importance in the sustainable formation of state finances. It is also determined that the effect of tax incentives is significant in stimulating the activities of small businesses and creating new jobs. For example, through a simplified tax regime, small businesses will be able to implement investment projects and increase production volumes. The results show that tax policy is effective as a tool for developing small businesses. First, simplifying tax obligations and introducing tax incentives attract small businesses to the formal economy, which serves to sustainably increase state budget revenues. At the same time, the Tax Code and state budget laws serve as the main legal documents regulating small business tax policy, which allow expanding the tax base and ensuring fiscal stability (Oliy Majlis of the Republic of Uzbekistan, 2023). Second, digital tax administration and electronic settlement systems serve to increase tax revenues, make taxpayers' activities transparent, and reduce the share of the shadow economy. This process is an important factor in stimulating the economic activity of small businesses. Third, international research shows that simplified tax regimes and tax incentives for small businesses are effective tools for economic growth, job creation and investment attraction (OECD, 2020). At the same time, when tax policies are consistent and coherent, the chances of ensuring fiscal stability and economic development are further increased.

The results show that an integrated approach between the tax system and small businesses is crucial for the sustainable formation of state budget revenues and ensuring economic stability. Therefore, there are opportunities to develop small businesses and increase budget revenues by improving tax policy, expanding simplified regimes, and developing digital administrative systems. At the same time, the tax system should serve to promote small businesses while ensuring economic efficiency and fairness. This requires directing state fiscal policy to promote economic growth, social stability, and investment activity.

CONCLUSION

The results of the study showed that small businesses are of strategic importance not only in the sustainable growth of the national economy, but also in the formation of state budget revenues. Tax revenues are not only an obligation for small businesses, but also serve as a means of stimulating economic activity. Legal and statistical analyses over the past five years have shown that taxes paid by small businesses account for a significant portion of state budget revenues. This allows us to define tax policy as a key tool for ensuring fiscal stability and

stimulating economic growth (State Tax Committee of the Republic of Uzbekistan, 2022; Oliy Majlis of the Republic of Uzbekistan, 2019). The effectiveness of stimulating small businesses through tax policy is explained by several aspects. First, a simplified tax regime and tax incentives reduce the tax liabilities of small businesses, which encourages them to engage in the formal economy and expand their activities. Second, digital tax administration and electronic settlement systems serve to increase tax revenues, ensure transparency, and reduce the share of the shadow economy. Thus, the connection between small businesses and the tax system is a key factor in economic stability and sustainable growth in budget revenues.

Tax incentives and simplified regimes also help to expand the investment activities of small businesses. When small businesses pay taxes on favorable and acceptable terms, they have the opportunity to increase production volumes, create new jobs, and implement innovative projects. This, in turn, stimulates the growth rates of the national economy and ensures social stability. Legal and regulatory frameworks, including the Tax Code, State Budget Laws, and Presidential Decrees, serve as an important factor in regulating small business tax policy, ensuring fiscal stability, and increasing state budget revenues (Oliy Majlis of the Republic of Uzbekistan, 2023). At the same time, international experience also shows the effectiveness of stimulating small businesses through tax policy. According to OECD studies, simplified tax regimes and tax incentives are important tools for increasing the economic activity of small businesses, creating jobs, and attracting investments.

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