

SPECIFIC FEATURES OF TAXATION OF TRADE AND PUBLIC CATERING ENTERPRISES IN UZBEKISTAN**Ergasheva Aziza,**Samarkand Institute of Economics and Service
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Abstract. This study examines the distinctive characteristics of taxation applied to trade and public catering enterprises in Uzbekistan under the 2026 tax framework. The research focuses on the interaction between simplified and general taxation regimes, the role of turnover-based taxation, and sector-specific fiscal incentives. Using a doctrinal and analytical methodology, the paper evaluates the economic rationale and legal structure of the tax system, highlighting its impact on business behavior, compliance, and fiscal outcomes.

Keywords: taxation, turnover tax, VAT, public catering, trade enterprises, Uzbekistan, tax policy, fiscal reform

Annotatsiya. Mazkur maqola 2026-yilgi soliq tizimi asosida O'zbekistonda savdo va umumiy ovqatlanish korxonalarini soliqqa tortishning o'ziga xos xususiyatlarini tahlil qiladi. Tadqiqot soddalashtirilgan va umumiy soliqqa tortish rejimlari o'rtasidagi o'zaro bog'liqlik, aylanmadan olinadigan soliqning roli hamda soha uchun berilgan soliq imtiyozlarini o'rganishga qaratilgan. Tadqiqot natijalari shuni ko'rsatadiki, soddalashtirilgan tizim iqtisodiyotni legallashtirishga xizmat qilsa-da, ayrim hollarda iqtisodiy rag'batlarga salbiy ta'sir ko'rsatishi mumkin.

Kalit so'zlar: soliqqa tortish, aylanma soliq, QQS, umumiy ovqatlanish, savdo, soliq siyosati

Аннотация. В статье анализируются особенности налогообложения предприятий торговли и общественного питания в Узбекистане в рамках налоговой системы 2026 года. Особое внимание уделяется упрощённым налоговым режимам, налогу с оборота и налоговым льготам. Результаты показывают, что упрощённая система способствует снижению теневой экономики, однако может создавать искажения в экономическом поведении предприятий.

Ключевые слова: налогообложение, налог с оборота, НДС, общественное питание, торговля

INTRODUCTION

The trade and public catering sectors occupy a central position in the modern structure of Uzbekistan's economy, acting as key drivers of domestic consumption, employment, and small business development. In recent years, these sectors have experienced rapid growth due to urbanization, rising household incomes, and the expansion of service-oriented economic activities. As a result, their contribution to gross domestic product and fiscal revenues has increased significantly, making their taxation an important subject of both theoretical and practical relevance. The ongoing transformation of Uzbekistan's tax system, particularly since the adoption of the revised Tax Code and subsequent amendments effective through 2026, reflects a broader strategy aimed at liberalizing the economy, reducing the tax burden on businesses, and improving tax administration efficiency. Within this framework, trade and public

catering enterprises are treated as priority sectors due to their high turnover, relatively low profit margins, and susceptibility to informal economic practices.

Unlike capital-intensive industries, these sectors are characterized by high transaction volumes, cash-based operations, and complex supply chains, which complicate traditional profit-based taxation models. Consequently, the government has introduced alternative taxation mechanisms, including simplified turnover-based regimes, differentiated VAT obligations, and targeted tax incentives. These measures aim not only to ensure stable budget revenues but also to promote transparency, reduce compliance costs, and encourage business formalization. This study seeks to provide a comprehensive analysis of the specific features of taxation applicable to trade and public catering enterprises in Uzbekistan under the 2026 legal framework. It explores the economic rationale behind these policies, evaluates their effectiveness, and identifies key challenges and areas for further reform.

METHODOLOGY

This research employs a qualitative, doctrinal, and analytical methodology, combining legal analysis with economic interpretation. The primary source base consists of the Tax Code of the Republic of Uzbekistan as amended through 2026, along with related нормативно-правовые акты regulating taxation, entrepreneurship, and financial reporting.

The study utilizes a systematic approach to analyze different tax instruments, including turnover tax, value-added tax, corporate income tax, and social tax, focusing on their application within the trade and public catering sectors. Particular attention is given to threshold criteria, tax rates, exemptions, and compliance requirements.

In addition to legal sources, the research incorporates statistical data from national agencies and analytical reports from international organizations and consulting firms. These data are used to assess the fiscal significance of the sectors and to evaluate the practical impact of tax policies on business behavior.

A comparative element is also included, examining how simplified taxation regimes function relative to general taxation systems. This allows for a deeper understanding of their advantages and limitations. The study further applies elements of institutional analysis, considering how administrative capacity, digitalization, and enforcement mechanisms influence the effectiveness of tax policy implementation.

RESULTS

The findings demonstrate that taxation of trade and public catering enterprises in Uzbekistan is shaped by a combination of simplification, differentiation, and targeted стимулирование. One of the most prominent features is the widespread use of the turnover tax regime. This system is primarily designed for small and medium-sized enterprises whose annual revenue does not exceed a legally established threshold. Under this regime, tax liability is calculated as a fixed percentage of gross revenue, eliminating the need to determine taxable profit. This significantly reduces accounting complexity and administrative costs, making it particularly suitable for businesses with limited financial and human resources.

At the same time, the turnover tax system introduces certain economic implications. Because it is based on gross revenue rather than net income, it does not account for variations in cost structures across firms. As a result, enterprises with lower profit margins may face relatively higher effective tax burdens compared to more profitable firms. This highlights a trade-off between simplicity and equity in tax design. Another key feature is the differentiated application of value-added tax. Enterprises exceeding the turnover threshold are required to transition to the general taxation regime, which includes VAT and corporate income tax. The standard VAT rate is set at 12%, and businesses are entitled to deduct input VAT on purchased goods and services. For trade and catering enterprises, this mechanism is particularly important due to the multi-stage nature of supply chains.

In addition, recent reforms have introduced VAT refund mechanisms linked to cashless transactions. Consumers who pay electronically may receive partial VAT refunds, incentivizing

both businesses and customers to adopt digital payment methods. This policy not only increases transparency but also strengthens tax control by reducing the scope for unreported cash transactions. Corporate income tax also exhibits sector-specific features. For public catering enterprises, reduced tax rates or temporary exemptions have been introduced to support industry development. These incentives are especially relevant in the context of post-pandemic recovery and efforts to expand tourism and hospitality services.

The social tax framework further complements these measures. Reduced social tax rates have been applied to certain sectors, including retail trade and catering, to lower labor costs and encourage formal employment. This is particularly important given the labor-intensive nature of these industries. Finally, digitalization has become an integral element of taxation in these sectors. The introduction of online cash registers, electronic invoices, and real-time data reporting systems has significantly improved tax administration. These tools enable tax authorities to monitor transactions more effectively, reduce tax evasion, and enhance compliance.

DISCUSSION

The analysis of taxation mechanisms reveals that the Uzbek approach is characterized by a pragmatic balance between simplicity and regulatory control. The turnover tax regime, while not theoretically optimal from the perspective of tax neutrality, provides a practical solution for integrating small businesses into the formal economy. By lowering compliance barriers, it encourages voluntary participation and reduces the administrative burden on both taxpayers and tax authorities. However, the existence of multiple tax regimes creates structural challenges. The transition from turnover tax to the general taxation system represents a critical threshold that can influence business decisions. Firms may intentionally limit their growth to remain within the simplified regime, leading to inefficiencies and reduced economic dynamism. Addressing this issue requires careful calibration of thresholds and gradual transition mechanisms.

The use of targeted tax incentives in the catering sector reflects a strategic policy choice aimed at supporting service sector development. While such measures can stimulate investment and employment, they also raise concerns regarding fiscal sustainability and horizontal equity. Ensuring that incentives are transparent, time-bound, and performance-based is essential to maximize their effectiveness. Digitalization emerges as one of the most transformative elements of the current tax system. By integrating technology into tax administration, Uzbekistan is aligning with global best practices. Digital tools not only improve compliance but also provide valuable data for policy analysis and decision-making. In the long term, this may enable a shift toward more sophisticated taxation models that combine simplicity with greater accuracy.

From a theoretical perspective, the taxation of trade and public catering enterprises illustrates the broader challenge of designing tax systems for service-based economies. Traditional profit-based taxation may be less effective in sectors characterized by high transaction volumes and informal practices. Therefore, hybrid approaches that combine turnover-based elements with modern monitoring technologies may offer a viable solution.

CONCLUSION

The taxation of trade and public catering enterprises in Uzbekistan under the 2026 framework demonstrates a dynamic and adaptive approach to fiscal policy. Key features include the use of simplified turnover taxation, differentiated VAT application, sector-specific incentives, and the integration of digital technologies into tax administration. These measures have contributed to improved tax compliance, increased formalization of economic activity, and sustained growth in budget revenues. At the same time, challenges remain, particularly in ensuring tax neutrality, supporting business expansion, and maintaining a balanced distribution of the tax burden.

Future reforms should focus on refining the interaction between different tax regimes, expanding the use of digital tools, and gradually transitioning toward more efficient and equitable taxation models. By addressing these issues, Uzbekistan can further strengthen its tax system and support the continued development of its trade and public catering sectors.

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