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MODERN METHODS OF CALCULATING TURNOVER TAX

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Abstract. This article analyzes modern methods of calculating turnover tax and their economic significance. The study covers the content of the percentage-based method of calculating turnover tax, the fixed-sum method, and the differentiated rate system used for certain types of activities. It also examines the classification of taxpayers by category, mechanisms for determining the tax base, tax approaches used in e-commerce, and practical calculation procedures. The article substantiates the role of modern tax mechanisms in stimulating entrepreneurial activity, simplifying tax administration, and increasing state budget revenues.

Keywords: turnover tax, tax rate, tax base, fixed tax, microbusiness, digital commerce, tax calculation methods, tax system of Uzbekistan.

Introduction. Turnover tax is one of the simplified tax mechanisms used for small and medium-sized businesses in the tax system of the Republic of Uzbekistan. This type of tax serves to support entrepreneurial activity, facilitate tax reporting, and simplify tax administration. Turnover tax is of particular importance as a favorable tax regime for business entities with limited financial resources. Through this system, taxpayers will be able to fulfill their tax obligations based on their activities without complicated calculations.

Currently, the digitalization of the economy, the increase in the volume of electronic commerce and the expansion of the service sector create the need to improve the methods of calculating turnover tax. In modern tax policy, calculation based on the percentage rate, the fixed amount method and the differentiated rate system are widely used. These methods help to balance the tax burden, taking into account the type of activity, income and economic capabilities of business entities. Therefore, a scientific analysis of modern methods of calculating turnover tax, studying their advantages and disadvantages, and highlighting the mechanisms of practical application are of urgent scientific and practical importance. Present practical calculation examples.

Literature review

A number of scientific studies have been conducted on the topic of turnover tax and its calculation methods. In particular, Farrukh Akhmedzhanov's scientific article entitled "Directions for Expanding and Increasing the Efficiency of the Tax Base through the Use of Electronic Documents in the Field of Taxation and Tax Administration" states that "Today, within the framework of tax administration, research is being conducted to optimize the structure of taxes, improve the mechanism for their collection, tax accounting and reporting, ensure the correct calculation, timely and full payment of taxes, monitor taxpayers' compliance with their

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rights and obligations established by tax legislation, distribute tax revenues between budgets of different levels, collect and analyze results, and implement a wide range of measures to harmonize the tax relations of all participants in the taxation process." [1].

In addition, foreign researchers, in their international article "Superiority of the VAT to Turnover Tax as an Indirect Tax on Digital Services", Karl Rousseau, a researcher, states that "countries seeking to address the taxation challenges of digitalizing their economies have proposed or introduced indirect digital services taxes (DSTs) rather than income taxes in an attempt to avoid violating international income tax treaty obligations by targeting specific business activities. DSTs can have a similar effect to value-added taxes (VATs) in increasing prices for final consumers; indeed, DSTs can be considered a special high-rate VAT for digital services. However, general VATs are superior to these targeted turnover taxes (i.e., gross income taxes) in terms of efficiency. Turnover taxes can distort firms' production decisions and create the risk of cascading and double taxation." [2].

In their thesis "Tax on turnover at enterprises and its essence" written by local scientists Matrasulov Bakhodir, Turayeva Gulizahro and others, they stated that "Tax on turnover at enterprises is an important component of our economy. Tax payers on turnover are also called single taxpayers, this is because the single taxpayer pays a single tax only as a percentage of the amount of money that has been transferred to their account, that is, he does not pay value added tax and profit tax. This tax system serves as the main tool for increasing the efficiency of enterprises and raising funds for the state budget." [3].

In their article "An Evaluation of the Turnover Tax System in South Africa" by Danie Schuttel et al., they stated that "The South African government introduced a turnover tax system to help SMEs reduce their compliance costs and administrative burden, which they assumed would give SMEs the freedom to grow and contribute to the economy. The aim of this study was to determine whether the turnover tax system was being used by SMEs as the South African government had hoped. The study used an inductive, exploratory and qualitative research method, in which SME owners were given questionnaires to gain insight into their perceptions and knowledge of the turnover tax system, followed by interviews to obtain additional qualitative information." [4]

In addition, in the article "Employee turnover: calculation of turnover rates and costs" written by Akin Aksin, the following ideas were also mentioned: "From an economic point of view, service industries play an important role in the world economy, and the tourism industry, as an important component of the service industry, has a direct impact on the service industry. Today, like other institutions, tourism institutions are trying to survive in a highly competitive environment. In order to survive, they try to achieve both large economic goals (for example, profitability) and social goals (supporting recruitment and increasing employee motivation). In this context, employee turnover can be considered as one of the indicators of the working conditions of a tourism institution."[5].

Research methodology

The following scientific approaches were used in this study: descriptive analysis, comparative analysis, analysis of legal documents and practical calculation methods. The norms of the Tax Code of Uzbekistan, laws No. ORQ-891 and ORQ-1014, analytical reports of PwC and EY companies, as well as official statistical data of the Ministry of Economy and Finance of Uzbekistan were used.

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The three main methods of calculating turnover tax - calculation based on a percentage rate, the fixed amount method, and the differentiated rate method - were each analyzed separately and explained with practical examples.

Analysis and results

Modern methods of calculating turnover tax in the Republic of Uzbekistan differ depending on the categories of taxpayers and the amount of income. Currently, three main calculation methods are used.

Method 1. Calculation based on interest rate

Under this method, turnover tax is calculated by applying a rate of 4 percent to the taxpayer's total income. This method is used when the taxpayer's annual income is between 1 billion soums and 100 billion soums.

Calculation formula:

AS = JD × 4%

Here: AS is the amount of turnover tax; JD is the total income tax base.

Example: If the total quarterly income of an individual entrepreneur is 500 million soums:

AS = 500,000,000 × 4% = 20,000,000 soums

Table 1

Examples of calculating turnover tax using the interest rate method for 2024–2025 [6]

Taxpayer type	Total income (sum)	Rate (%)	Turnover tax (sum)
YaTT (quarterly)	200,000,000	4%	8,000,000
YaTT (quarterly)	500,000,000	4%	20,000,000
Legal entity (quarterly)	2,500,000,000	4%	100,000,000
Legal entity (annual)	8,000,000,000	4%	320,000,000
E-commerce company	3,000,000,000	3%	90,000,000

This table provides examples of calculating turnover tax based on the percentage rate method for 2024–2025, which reflects the income of different categories of taxpayers and the tax rates applied to them. The table shows that when the quarterly income of individual entrepreneurs (individual entrepreneurs) was 200 million soums, turnover tax was calculated at a rate of 4% in the amount of 8 million soums, and when income reached 500 million soums, the tax amount was 20 million soums. This shows that as income increases, the tax amount increases proportionally.

A 4% rate was also applied to legal entities, with a turnover tax of 100 million soums on quarterly income of 2.5 billion soums and 320 million soums on annual income of 8 billion soums. For e-commerce companies, a preferential rate of 3% was applied as an incentive, with a tax of 90 million soums levied on income of 3 billion soums. This indicates that the state has a

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policy of supporting the digital economy and e-commerce. In general, the table shows that the interest rate method in the turnover tax system creates a simple and understandable calculation mechanism and a differentiated approach is used for different areas of activity.

Method 2. Fixed sum method

This method is intended for microbusinesses, where individual entrepreneurs pay a fixed amount of tax regardless of their annual income. This procedure was introduced in 2022 and was initially intended to be applied indefinitely, but subsequent amendments extended its term until January 1, 2026.

From January 1, 2025, the fixed rates are set as follows:

Table 2

Fixed turnover tax rates 2025 – year [7]

Total annual income	Fixed rate (per year, sums)	Monthly payment (sums)
Up to 500 million soums	30,000,000	2,500,000
500 million - 1 billion soums	40,000,000	3 333 333

The main advantage of the fixed method is that the taxpayer is completely exempted from maintaining accounting and financial reporting. This saves time and money for small businesses. At the same time, this mechanism is considered an important tool for reducing the barrier to entry into entrepreneurship.

Method 3. Differential rate method (electronic trading)

In connection with the development of the digital economy, special tax rates have been introduced in Uzbekistan for companies engaged in e-commerce (marketplaces, online stores, subscription services). Starting in 2025, the turnover tax rate in this sector has been increased from 2 percent to 3 percent, and in 2026 it is planned to increase it again to 4 percent.

Table 3

Dynamics of sales tax rates in the e-commerce sector [8]

Period	Profit tax rate	Turnover tax rate	Major change
2023	7.5%	2%	Initial differentiation
2024	7.5%	2%	Rates saved
2025	10%	3%	+2.5 and +1 fp
2026 (plan)	15%	4%	Further strengthening

The table reflects the dynamics of changes in turnover tax and profit tax rates in the e-commerce sector for 2023–2026. According to the table, in 2023, the profit tax rate for e-

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commerce entities was set at 7.5 percent, and turnover tax at 2 percent, during which the state introduced an initial differential tax policy. The fact that these rates were maintained in 2024 indicates that they served to support e-commerce activities and ease the adaptation period for businesses.

Starting from 2025, a gradual increase in the tax burden will be observed. In particular, the profit tax will be increased to 10 percent, and the turnover tax to 3 percent. In the table, this change is indicated as "+2.5 and +1 percentage points", which means the goal of increasing state budget revenues and expanding the tax base from the digital economy. According to the plan for 2026, it is planned to increase the profit tax to 15 percent and the turnover tax to 4 percent. This indicates that the e-commerce market is increasingly emerging as a major economic sector and that tax policy towards it is being further strengthened. In general, the table shows that tax rates in the e-commerce sector are gradually increasing and the state is improving the mechanisms for regulating this sector.

Modern procedure for determining the tax base

Correctly determining the tax base of the turnover tax is a key condition for ensuring the accuracy of the calculation. The 2025 reforms made significant changes to the tax base:

From January 1, 2025, income from the export of goods and services will be included in the turnover tax base (previously, such income was exempt from tax);

self -employed individuals (freelancers) with annual income exceeding 100 million soums (up to 1 billion soums), turnover tax is paid at a rate of 4 percent;

The 1 percent turnover tax for businesses in tourist zones has been abolished as of January 1, 2025;

A 1 percent turnover tax has been introduced for large pharmaceutical wholesale and retail organizations.

Table 4

Categories and rates of turnover tax payers 2025 [9]

Category	Income limit	Rate	Calculation method
Microbusiness (YTT)	Up to 500 million soums	Fixed: 30 million/year	Fixed amount
Small Business (SBB)	500 million - 1 billion	Fixed: 40 million/year	Fixed amount
Medium business	1 billion – 100 billion	4%	Interest rate
E-commerce	Unlimited	3% (2026: 4%)	Interest rate
Pharmaceutical industry.	Up to 100 billion	1%	Interest rate

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Self-employed	100 million – 1 billion	4%	Interest rate

According to the table, the fixed-rate tax system for microbusinesses and small businesses will be retained in 2025. The fixed tax of 30 million soums per year for microbusinesses and 40 million soums for small businesses will allow them to plan their financial burden in advance. This method will support small businesses, free them from excessive calculations, and reduce the share of the shadow economy. At the same time, the application of a 4% interest rate for medium-sized businesses will ensure that revenues to the state budget increase with an increase in income.

The use of a special differential approach to the e-commerce and pharmaceutical sectors is also of great economic importance. In particular, the establishment of a preferential rate of 1 percent for pharmaceutical wholesale trade is aimed at stimulating the strategic sector and preventing a sharp increase in the cost of medicines. The fact that a rate of 3 percent is planned for e-commerce in 2025, and 4 percent from 2026, is explained by the high profitability and rapid development of this sector. The 4 percent rate for self-employed persons serves to attract them to the formal economy and expand the tax base. In general, the table shows that the state is pursuing a differential tax policy adapted to the financial capabilities and characteristics of various economic entities .

Comparative analysis of calculation methods

Table 5

Comparative analysis of turnover tax calculation methods [10]

Criterion	Interest rate method	Fixed sum method	Differentiated rate
Scope	Medium business	Micro and small businesses	E-commerce
Computational complexity	Average	Simple	Average
Reporting requirement	Yes	No	Yes
Tax burden forecast	Variable	Stable	Variable
Stimulation effect	Increases with income growth	Comfortable on a low income	Sectoral control
Budget benefits	Moderately stable	Guaranteed minimum	Growing

As can be seen from the table analysis, each method has its own advantages. The percentage rate method ensures that tax payments increase proportionally with income growth, which is considered fair from a fiscal policy perspective. The fixed amount method, on the other hand, frees microbusinesses from the reporting burden and serves to increase entrepreneurial activity.

Conclusion and suggestions

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This article systematically analyzes modern methods of calculating turnover tax in the Republic of Uzbekistan. The following conclusions were drawn:

Three main methods are used to calculate turnover tax: calculation based on a 4% rate, a fixed amount method, and a differentiated rate for digital trade. Each method is designed for a specific category of taxpayers and has its own advantages. As a result of the 2025 reforms, the turnover tax base was expanded - export revenues were also included in the tax base. This served to increase budget revenues, but led to an increase in the tax burden for exporting enterprises. The increase in tax rates in the field of e-commerce from 2% to 3% (and the planned increase to 4% in 2026) marks a new stage in the tax regulation of the digital economy. The fixed tax method is the most convenient mechanism for microbusinesses, freeing entrepreneurs from the reporting burden and stimulating economic activity. The extension of this mechanism until 2026 is considered the right decision.

Based on the research, the following proposals were developed:

Firstly, it is advisable to continue the flat-rate tax method beyond 2026 and make it a permanent mechanism. This will have a positive impact on the development of small businesses.

Secondly, it is necessary to expand the possibilities for more accurate determination of the tax base by introducing artificial intelligence and big data analysis technologies in the calculation of turnover tax in the digital economy.

Thirdly, as a result of the abolition of export privileges, it would be appropriate to provide other forms of incentives to exporting small businesses, such as direct subsidies or investment loans.

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