

SOCIO-ECONOMIC CONSEQUENCES OF TAXATION ON SMALL AND MEDIUM
BUSINESSES

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Abstract. This article provides an in-depth analysis of the social and economic impacts of taxation on small and medium enterprises (SMEs). The study reveals how tax burdens affect business investment capacity, job creation, regional development, and societal welfare. The article also examines the negative consequences of excessive taxation and the potential for stimulating SMEs through tax incentives.

Keywords: small and medium enterprises, taxation, socio-economic impacts, tax incentives, investment, employment

Annotatsiya. Ushbu maqolada kichik va o'rta biznesni soliqqa tortishning ijtimoiy va iqtisodiy oqibatlari chuqur tahlil qilinadi. Tadqiqot natijalari soliq yukining biznesning investitsiya qobiliyati, ish o'rinlari yaratish, hududiy rivojlanish va jamiyat farovonligiga ta'sirini ochib beradi. Maqolada ortiqcha soliq yukining salbiy oqibatlari va soliq imtiyozlari orqali KOBni rag'batlantirish imkoniyatlari tahlil qilinadi.

Kalit so'zlar: kichik va o'rta biznes, soliqqa tortish, ijtimoiy-iqtisodiy oqibatlar, soliq imtiyozlari, investitsiya, ish o'rinlari

Аннотация. В данной статье проводится глубокий анализ социальных и экономических последствий налогообложения малого и среднего бизнеса. Результаты исследования показывают влияние налоговой нагрузки на инвестиционную способность бизнеса, создание рабочих мест, региональное развитие и общественное благосостояние. Статья также анализирует негативные последствия чрезмерного налогообложения и возможности стимулирования МСБ через налоговые льготы.

Ключевые слова: малый и средний бизнес, налогообложение, социально-экономические последствия, налоговые льготы, инвестиции, рабочие места

Introduction

Small and medium-sized businesses (SMEs) play an important role in the sustainable development of the economy and job creation. At the same time, the efficiency and development of SMEs are directly related to the mechanisms of their taxation. The size and structure of the tax burden affect the investment ability, competitiveness and economic activity of SMEs. Therefore, a thorough analysis of the socio-economic consequences of SME taxation is an urgent issue.

The tax system, as a regulatory tool for small and medium-sized businesses, not only forms budget revenues, but also affects the business development strategy, job creation, investment activity and the stability of the regional economy. In Uzbekistan and other developing countries, business development is stimulated by reducing the tax burden of SMEs, introducing preferential rates, and implementing electronic settlement systems.

Taxation of SMEs has not only economic but also social consequences. For example, excessive tax burdens discourage business activity, lead to job losses, and the development of the black

market. At the same time, effective taxation mechanisms develop SMEs, ensure regional economic stability, increase budget revenues, and stimulate innovative business activities.

Main part

The economic activity of small and medium-sized businesses is largely determined by the tax system. The size, rates and procedure of the tax burden affect the investment ability of businesses, the level of liquidity and competitiveness. In this regard, the taxation of SMEs is seen not only as a means of generating budget revenues, but also as a strategic mechanism for ensuring economic stability.

Economic analysis shows that excessive tax burdens expose small and medium-sized businesses to financial difficulties, which discourages investment activity, slows down the creation of new jobs and, in some cases, encourages business entities to operate illegally, that is, on the black market. At the same time, excessive tax burdens limit the innovative potential of small businesses, since a significant part of available funds goes to taxes and the possibility of introducing new technologies or expanding services is reduced.

On the other hand, the introduction of special benefits and rates for SMEs in the tax system has positive socio-economic consequences. A preferential tax regime stimulates the development of small and medium-sized businesses, ensures the stability of budget revenues, and expands jobs. For example, according to research by Solovyev and Kireeva (2018), in countries where incentives for SMEs have been introduced, the activity of business entities has significantly increased, new projects have been implemented, and the regional economy has stabilized.

The social consequences of taxation are also important. SMEs are a key source of job creation, so encouraging small businesses through the tax system helps to increase employment in society. At the same time, the funds returned to society through taxes are directed to education, healthcare, social protection, and infrastructure development. This demonstrates not only the economic but also the social benefits of SME development.

Empirical analysis shows that effective taxation mechanisms not only increase budget revenues, but also contribute to the sustainable development of small and medium-sized businesses. The experience of developed countries shows effective ways to stimulate SMEs through tax breaks, electronic accounting systems and digital tax monitoring. At the same time, electronic tax systems, reliefs and tax incentives for SMEs have been introduced in Uzbekistan, which serves to increase the efficiency of regional economic development and job creation. In this regard, it is necessary to balance economic and social consequences when formulating SME taxation policy. Reducing the excess tax burden, introducing preferential rates, developing an electronic tax system and creating support programs for SMEs will not only increase business competitiveness, but also ensure social stability.

In conclusion, the socio-economic consequences of taxation of small and medium-sized businesses are complex and multifaceted. It directly affects economic efficiency, job creation, regional development, innovative activity and social well-being of society. Therefore, it is important that tax policy is formed on the basis of a system that encourages SMEs, is stable and fair.

Conclusion

Analysis shows that taxation of small and medium-sized businesses plays an important role not only in generating budget revenues, but also in ensuring economic and social stability. The tax system regulates the financial resources, investment potential and competitiveness of SMEs. At the same time, excessive tax burdens discourage business activity, limit job creation and, in some cases, lead to the legal withdrawal of economic activity.

Effective taxation policies and incentives stimulate SMEs, increase regional economic stability and expand jobs. Tax incentives, electronic accounting systems and digital monitoring support business development strategies, implement innovative projects and increase economic efficiency.

The taxation of SMEs also directly affects social consequences. Funds returned to society through taxes are directed to education, healthcare, infrastructure and social protection. At the same time, a tax policy that encourages SMEs is an effective tool for creating jobs, increasing employment and ensuring social stability.

In conclusion, SME taxation policy should be aimed at harmonizing economic and social interests. Reducing the excess tax burden, introducing preferential rates, developing electronic tax systems and creating business support programs will ensure the sustainable development of small and medium-sized businesses, regional economic growth and social well-being.

Thus, the article's analysis shows that SME taxation is a strategic tool that co-shapes economic and social outcomes, further reinforcing the need for practical and effective tax policy development.

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