

**THE IMPORTANCE OF TAX PAYMENTS IN THE DEVELOPMENT OF
SMALL BUSINESS.**

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Annotation

This article describes the existence of various economic and financial mechanisms for reducing the tax burden on small businesses, and how reducing the tax burden can attract more investment for business, create new jobs, and expand the scope of economic activity. Therefore, it is indicated that the implementation of measures by states to support small businesses and reduce the tax burden will lead to positive results.

Keywords

Small business, tax payments, state budget, corporate income tax, value added tax, income tax, social tax.

The social and economic role of small businesses is considered an important factor in the economies of many countries. They include many business entities operating in various sectors, thereby providing versatility in the national economy. Small businesses are considered one of the important drivers of economic growth. They develop rapidly and play an important role in creating new jobs, introducing innovations, and achieving economic stability in general. For example, in many developed countries, the share of small businesses in GDP is more than 50%. In the United States, small businesses occupy about 64% of all private sector jobs. Small businesses create many new jobs. They are often important employers for young people starting out or with certain skills. According to the International Labor Organization, small businesses account for about 70% of all jobs worldwide. Small businesses are often involved in the implementation and large-scale implementation of innovations. This is due to their flexibility and creativity. Many technological advances and new business models have been developed by small businesses. Small businesses are often closely linked to local communities and have a direct impact on their economic development. They source locally, provide jobs for local people, and develop local markets. Small businesses help reduce social inequality by creating jobs for diverse groups. They often provide employment opportunities for groups that face economic hardship, thereby expanding economic opportunities. Small businesses provide opportunities for women and young people to start and develop entrepreneurial activities. Many women start and develop their businesses on a small scale, which contributes to gender equality. Small businesses support economic activity in rural areas, as many farmers and rural residents run their own small farms and businesses. This develops the rural economy and reduces the economic gap between cities and villages. Small businesses replenish the state budget through tax payments. They pay various taxes, such as income tax, value added tax (VAT). These funds are directed to the implementation of social and economic programs of the state, improving infrastructure, and supporting the population.

Taxes are one of the important economic factors that significantly affect the development of small businesses. Understanding and properly managing taxes for small business owners is essential for successful entrepreneurial activity. In Uzbekistan, there are several types of taxes for small business entities: for legal entities there is a profit tax, value added tax (VAT), income tax, and other types of taxes, such as social tax. The most important type of tax for small businesses is the corporate income tax. As of 2025, the corporate income tax rate for legal entities is 15%. The value-added tax rate is 12%. The personal income tax rate is 12%, which is important for calculating tax obligations. The social tax rate is 12% and is mainly aimed at providing social assistance to employees by the state. This type of tax increases the employer's labor costs, but, on the other hand, serves to reduce social risks. For small businesses, the tax burden and the obligation to accurately calculate can limit their economic potential to some extent. At the same time, special tax incentives and preferences play an important role in creating an environment of stability and stability for small businesses. For example, the provision of tax incentives for new business entities for several years eases the financial burden at the beginning of entrepreneurship and allows for business development. According to statistics, the share of small businesses in gross domestic product (GDP) in Uzbekistan is observed to exceed 50%. In addition, as a result of measures aimed at creating favorable conditions for small businesses through the government's tax policy, strategies aimed at reducing taxes for small and medium-sized enterprises and eliminating bureaucratic obstacles are also increasing. In order to increase the resilience of small businesses to economic crises and changes by facilitating tax payments and stimulating industries, the government is developing various programs. The use of temporary tax breaks for small businesses to operate in certain areas affects their sustainable development. In general, taxes and tax policy directly affect the development of small businesses. Strategic tax management ensures the success of small businesses, increases their potential to enter global markets, and contributes to their economic development.

"Tax breaks for small businesses" are very important in the development and support of small businesses. Many countries provide various tax breaks for small businesses, as such measures play a significant role in stimulating economic growth and creating jobs. There are various tax breaks for small businesses. This helps enterprises expand their activities and create new jobs. In addition, tax breaks for small businesses are also available in the form of investment loans. Their goal is to help small businesses invest in upgrading equipment and technology. In some cases, such incentives increase the competitiveness of small businesses by making it easier for them to obtain financing for the purchase of high-tech equipment. Another tax incentive for small businesses that is used in many countries is the social tax incentive. For example, if a small business hires a certain number of employees or starts operating in new territories, then there may be a reduction in social tax rates. Tax legislation is constantly being reformed, and the following incentives are available to businesses:

1. Special preferential rates for corporate income tax.
2. Tax-free investment transfer for a number of technological equipment.
3. Exemption from customs duties for the export of certain goods.

The issue of reducing the tax burden on small businesses is one of the pressing issues for entrepreneurs. Reducing the tax burden here is of great importance in stimulating business development and increasing its competitiveness. There are several strategies for reducing the tax burden on small businesses.

1. Preferential tax regimes: There are various preferential tax regimes for small businesses that can significantly reduce the tax burden. For example, options such as patent-



based taxation and simplified tax systems can create favorable opportunities for small businesses.

2. Tax incentives and deductions: Small businesses can be provided with various tax incentives and deductions by the state. For example, incentives for businesses that create new jobs or tax deductions for entrepreneurs operating in low-income areas can exempt small businesses from the tax burden.

3. Optimization of business activities: Small businesses can optimize their activities to reduce their tax burden. For example, by increasing non-taxable or low-taxable expenses and optimizing taxable income, businesses can reduce their taxes.

4. State assistance programs: Many countries help reduce the tax burden of small businesses through support programs. Within the framework of these programs, it is possible to use various financial assistance, grants, subsidies and preferences, which, in turn, reduces the tax burden of small businesses.

5. Reducing the tax base: Small businesses can reduce their taxes by reducing their taxable base, based on clearly defined rules. This can be achieved by increasing the advertising costs of hotel services or restaurants, or by jointly implementing costs with other entities.

6. Smart tax planning: For any business, targeted tax planning is important to ensure its financial stability. By properly organizing tax plans, a business can reduce its tax burden by planning for income tax and other taxes.

In general, there are various economic and financial mechanisms to reduce the tax burden on small businesses, through which small businesses can effectively avoid tax duties and achieve development. Reducing the tax burden allows businesses to attract more investment, create new jobs, and expand the scope of economic activity. Therefore, the implementation of measures by states to support small businesses and reduce the tax burden will lead to positive results.

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