



## ANALYSIS OF THE TAX BURDEN OF SMALL BUSINESS ENTITIES IN THE REPUBLIC OF UZBEKISTAN

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Article history:	Abstract:
<b>Received:</b> 6 <sup>th</sup> February 2025 <b>Accepted:</b> 4 <sup>th</sup> March 2025	<i>In the article, a study was conducted on determining the tax burden of small business entities. The level of tax burden of small business entities in the Republic of Uzbekistan was analyzed, the meth</i>
<b>Keywords:</b> <i>tax burden, tax analysis, tax burden level, tax burden indicator.</i>	

**INTRODUCTION:** The importance of small business entities in ensuring economic growth, reforming and modernizing the economy, attracting foreign investments, and creating decent living conditions for the population through employment is immeasurable. In the Republic of Uzbekistan, measures to develop business, especially financial support for small business entities, have been brought to a new level. Also, currently, a comprehensive approach is being taken in our republic to develop micro and small businesses, eliminate problems and obstacles arising in their activities. All necessary organizational and legal mechanisms are being created in our country to develop entrepreneurship and ensure its legal protection. Many laws, decrees and resolutions have been adopted aimed at widely involving the population in small business and developing this sector. That is, legal foundations have been created for comprehensive support for small business entities. One of the mechanisms for encouraging small business entities is tax policy, and its importance is very important. In this regard, the importance of the tax burden indicator and the issues of assessing its impact are of particular importance. An important indicator of the state's encouragement of entrepreneurial activity has always been the tax burden. Current taxes, in one way or another, affect the level of social production, while at the same time reducing the existing level of demand, while increasing the scale of expenditures that must be spent on state needs, on the contrary, increases the level of demand in the current period. The most noteworthy aspect is that taxes and fees directly affect the financial condition of business entities.

Therefore, studying the impact of the tax burden in the economy is relevant, and the impact of the tax burden on economic activity, the problems of distributing the tax burden among business entities, and its impact on the financial condition of entrepreneurs have been of equal interest to government agencies and research scientists.

**ANALYSIS OF THE LITERATURE ON THE TOPIC.** Despite the fact that the problem of the tax burden has been studied for many years, an accurate assessment of the optimal level of the tax burden is one of the most urgent tasks, and this issue has not yet been resolved. There are different definitions and views on the term tax burden in scientific circles, and such a term is not provided for in tax legislation. This expression is often used on a general economic scale and describes a situation in which taxes, fees and other mandatory payments paid have a certain impact on taxpayers. The tax burden also does not bypass the state, which is responsible for maintaining the required level of budget revenues and, at the same time, ensuring a fair distribution of the tax burden. Nevertheless, the interests of the state and the taxpayer are fundamentally different. Taxpayers strive to reduce the tax burden as much as possible, and the state strives to maintain the necessary volume of such revenues. The tax burden is imposed on all business entities, since without tax payments it is impossible to ensure the work of sectors financed from the budget. This means that when approving and introducing tax rates, it is extremely important to maintain a balance between the burden and the possibility of carrying out entrepreneurial activity. The methodology for determining the level of the tax burden indicator is also one of the problematic issues, like its definition. Currently, there are various approaches and formulas for determining the level of



the tax burden indicator. At the same time, the level of the tax burden is calculated using a simple formula.

Many scientists, such as representatives of classical economics A. Smith, D. Ricardo, W. Petty, have dealt with the problems of the tax burden. They studied the principles of fairness, equality, simplicity, efficiency and flexibility of taxation, which are the basis of the classical system of taxation.

Well-known scientists, specialists of international financial institutions, especially the International Monetary Fund and the World Bank, devoted their scientific work and research to the study of the tax system and tax burden problems of the states. They are famous economists such as A. Atkinson, S. Brew, R. McConely, D. Stiglitz, D. Pouterb, M. Friedman, G. Menu, A. Laffer, R. Musgrave, V. Tanzi, M. Devere, K. Rosenberg, M. De Zyu, M. Shaffer, A. Ruocco.

Local scientists O. Yakubboev, A. Juraev, K. Bozorov, R. Kurbanov, O. Abdurakhmonov, N. Kuzieva, I. Jalolov, B. Umarov, Sh. Toshmatov, S. Adizov, B. Sanakulova, I. Niyazmetov, Sh. Turaev, O. Gaybullaev and others conducted scientific research on improving the tax system and mechanisms. In these works, the issue of tax burden was studied in relation to a separate type of tax or a certain category of taxpayers.

**RESEARCH METHODOLOGY:** The research of foreign and domestic economists on the tax burden of

small business entities was studied using the methods of scientific abstraction, analysis, synthesis, induction and deduction.

**ANALYSIS AND DISCUSSION OF RESULTS:**

**1.** The general method of calculating the tax burden is the share of all taxes and fees in the gross domestic product.

$SY_u = GDP/SY$

SYU - tax burden

GDP - gross domestic product

SY – taxes and fees

**2.** Methodology for calculating the level of tax burden of small business entities based on the generally established tax burden calculation methodology.

$SUK = ЯИМК/СЮК$

SUK - level of tax burden of small business entities

ЯИМК - share of small business entities in gross domestic product or the volume of value created by them

СЮК - amount of taxes and fees paid by small business entities

It is important to note that using this methodology, it is possible to calculate the level of tax burden of individual categories of business entities.

For example, it is possible to separately calculate and analyze the level of tax burden of small enterprises.

1-table

**INFORMATION on the turnover of small enterprises, taxes paid and the amount of tax benefits used (January-October 2024)**

billion soums

№	Number of small enterprises	Turnover of goods	Paid taxes	The amount of tax benefits
1.	69 278	136 108,6	11 689,7	3 356,1

The tax committee was prepared by the author based on the data.

Based on the information of the tax committee, the appropriate indicator was determined when calculating the tax burden level of small enterprises.

During January-October 2024, 69,278 small enterprises made 136,108.6 billion soums of goods turnover and made 11,689.7 billion soums of tax payments.

Based on the provided information, the tax burden of small enterprises was 11.6 percent.

The level of the tax burden can be assessed not only as an indicator, but also as a barometer of the level of taxation of taxpayers.

**3.** Based on the level of the tax burden, it is possible to improve the taxation of certain categories of taxpayers.

To do this, it is necessary to study which types of taxes are the main burden on a category of taxpayers and assess the impact of this type of tax.

From this point of view, it is also important to determine the level of the tax burden of each type of tax.

We consider it appropriate to use the following formula to determine the level of the tax burden of each type of tax.

$SЮк = GIPk / (VATk + FSk + AK + ЖШДСк + Ик + БСк)$

SЮк – the level of tax burden of small business entities

GIPk – the share of small business entities in the gross domestic product or the volume of value created by them

VATk – the amount of value added tax paid by small business entities

FSk – the amount of profit tax paid by small business entities

AK – excise tax paid by small business entities

ЖШДСк – the amount of personal income tax paid by small business entities



Ик – the amount of social tax paid by small business entities

БСк – the amount of other taxes paid by small business entities.

For example, the share of indirect taxes in the level of tax burden of small businesses is a high indicator.

2-table  
**In taxes paid by small businesses  
on the share of tax types  
INFORMATION <sup>1</sup>**

<b>№</b>	<b>Excise tax</b>	<b>Value added tax</b>	<b>Profit tax</b>	<b>Tax on individuals</b>	<b>Social tax</b>	<b>Other taxes</b>
1.	<b>68,5%</b>	<b>17,2%</b>	<b>5%</b>	<b>2,6%</b>	<b>2,3%</b>	<b>4,4%</b>

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<sup>1</sup> <https://t.me/fiskaltahlil>



The tax committee was prepared by the author based on the data.

According to the data, the share of indirect taxes in the tax burden of small enterprises was 85.7 percent, and the share of direct taxes was 14.3 percent. In particular, the share of excise tax was 68.5 percent, which indicates the need to proceed from the share of tax types when analyzing the level of tax burden on small enterprises, but also to separately assess the tax burden by type of activity. The reason is that excise tax is paid by business entities that have a certain category and are engaged in activities.

The state tax policy can be used as an important tool to increase the activity of small business entities. It is necessary to implement tax reforms aimed at ensuring that they receive a high level of income at the initial stage of entrepreneurship and do not encounter obstacles in the form of taxes.

In conclusion, it can be said that small business entities, in order to reduce the tax burden, are paying salaries in an "envelope" method, informally employing citizens, since taxes related to the wage fund have a negative impact on their financial situation.

Therefore, the rates of taxes related to the wage fund for small business entities should be revised. In particular, they should be provided with tax benefits from social taxes.

In addition, from January 2025, as part of the Republic of Uzbekistan's efforts to join the World Trade Organization, tax benefits for profit tax and social taxes for carrying out export operations, as well as subsidies for expenses related to reimbursement of transport costs, are being canceled.

Based on this, it is likely that the tax burden on small businesses will increase, and it is advisable for government agencies to introduce new mechanisms to support them.

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