

Issues of Improving Taxation of Enterprises Engaged in Service Activities (In the Case of the Republic of Uzbekistan)

Pardaev Jamshid Muzaffarovich

Researcher, Tashkent State University of Economics

PJM.@gmail.com

Abstract: As a result of the economic policy aimed at the development of the service sector, which has been considered as the third sector in world practice, today the service sector in developed countries has become a priority for ensuring the economic growth of the entire world community. While the share of primary and secondary sectors in the world economy is decreasing, the share of the service sector is increasing. In turn, the fulfillment of tax obligations is an integral part of the activities of enterprises engaged in service activities. This process is inherently complex, and there is a high demand for scientific research aimed at solving its problems. In this article, the issues of improving the taxation of enterprises engaged in service activities will be covered.

Keywords: Service, service sector, enterprise, organization, system, state, financial security, tax, taxation, benefit, preference, activity, industry, network, system, information, tax policy, improvement, public service.

Introduction

Enterprises of this type have a number of important features: firstly, they are quick to adapt to market requirements in economic and financial terms, that is, if competition in the specialized field of activity increases, adaptation of service to a closer (substitute service) type of service is carried out relatively quickly. Secondly, its flexibility also shows another important feature of this type of enterprises - the relatively low level of risk, the return of financial investments invested in it in the establishment of such enterprises and the risk of bringing efficiency indicators are less than other large enterprises, which leads to an increase in the flow of investments to service enterprises and will be an important factor in the growth of this type of enterprise. Thirdly, service enterprises are also important due to the ease of implementation of activities that are economically unacceptable by large production entities, that is, they are adapted to perform intermediate operations in the economic system. Fourthly, the brand serves as an important factor in the delivery of the products of the producers to the consumers. Because direct delivery of goods to consumers by enterprises engaged in the production of goods is not always effective, and service enterprises play a major role in this, which is convenient for both the producer and the consumer. Fifth, service enterprises are adapted to meet the socio-economic needs of the population, which is of great importance in improving the lifestyle of the population. Sixth, the fact that they are of great importance in ensuring the employment of the population, that they exist mainly in the form of small

146	ISSN 2576-5973 (online), Published by "Global Research Network LLC" under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm
	Copyright (c) 2023 Author (s). This is an open-access article distributed under the terms of Creative Commons Attribution License (CC BY). To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/

businesses, and that they have features such as the rapid turnover of financial resources, shows the special importance of such enterprises in the organization of market relations and its development.

Taxation of service enterprises has been carried out since the early formation of the history of the tax system, and taxation of these enterprises is taxed mainly in a simplified manner and in a general manner during the current development of the world. The basis of such taxation mechanisms is the organizational-legal form and internal and external characteristics of the activity of service enterprises.

Literature review

The socio-economic and legal nature of the service sector, as well as the theoretical issues of their taxation, are being researched by a number of local scientists. Among the scientists from Uzbekistan I. Ochilov, G. Mustafoev, B. Ismailov, I. Tukhliev, R. Hayitboev, N. Ibodullaev, R. Amriddinova, T. Malikov, Sh. Toshmatov, B. Toshmurodova, E. Gadoev, N. Khaidarov, N. Ashurova, J. J. Urmonov, I. Niyazmetov, S. Khudoykulov, O. Aripov, A. Toychiev, M. Masharipova, O. Pardaeva, Sh. Sultanov, I. Ergashev, J. Urakov, J. Isakov, D. Mutalova, Q. Toksonov, B. Sanakulova, A. Botirov carried out scientific research on the solutions to the current problems of development of service enterprises and their taxation, as well as their further improvement. In particular, O. Aripov on state regulation of small business and development of the business environment, associate professor A. Toychiev on improving the mechanism of financing innovation transfer to small business, associate professor M. Masharipova on improving the organizational and economic mechanisms of small business development in service industries, associate professor O. Pardaeva conducted research on the development and efficiency of family entrepreneurship in the service sector.

At the same time, some aspects of taxation of service enterprises have been included in scientific researches of tax theory scientists. Professor D. Mutalova, Doctor of Economics K. Toksonov, Doctor of Economics, Professor B. Sanakulova, Doctor of Economics I. Niyazmetov, Doctor of Economics, Professor J. Urmonov, Associate Professor A. Botirov, Doctor of Economics, Professor Scientific research carried out by Sh. Toshmatov can be cited. In the aforementioned scientific works, the activity of enterprises engaged in direct service activities as research objects in considering the issues of taxation of small business entities and enterprises in other areas of entrepreneurship has also been partially studied. At the same time, it should be noted that there have been almost no scientific studies on the processes of taxing service enterprises as a separate system as a separate research object.

Research Methodology

Common and individual methods of scientific research are used in research on the nature of service enterprises and their taxation. It uses methods such as dialectic, synthesis and analysis, abstraction, generalization, grouping, comparison, logical approach, deduction.

Analysis and results

As of January 1, 2023, small businesses accounted for 82.9% of the total number of enterprises and organizations providing services in Uzbekistan (325,809), and their total number was 523,556. The number of large organizations engaged in service activities is 66,978, which makes up 17.1% of the total enterprises. These are quantitative indicators, the increase in their number will directly affect tax revenues, if tax credits are not taken into account.

At the same time, it should be noted that the value of the services rendered by them is considered important when taxing service enterprises. If we proceed from this principle and pay attention to the analysis, in January-December 2022 alone, 173,157.7 billion will be spent by small business entities. provided services amounting to 48.4% of the total provided market services.

147	ISSN 2576-5973 (online), Published by "Global Research Network LLC" under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm
	Copyright (c) 2023 Author (s). This is an open-access article distributed under the terms of Creative Commons Attribution License (CC BY). To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/

If we continue the analysis, in 2022 a total of 357.6 trillion. market services of 206.7 trillion soums compared to 2018. increased to soums. In turn, the growth rate of the market services provided in the period from January to December 2022 reached 175.9%. The main factor in this is the increase in the volume of services such as financial services (59.1 trillion soums), communication and information services (12.6 trillion soums), educational services (10.0 trillion soums). This indicates that there are significant changes in the service sector in the context of socio-economic reforms being implemented in our country and the effectiveness of the state's economic reforms in this regard.

It is known that the simplified procedure of taxation is applied to certain categories of taxpayers, including service enterprises, which includes a single tax payment, a single land tax, and a fixed tax on certain types of business activities, which carry out certain types of activities that are subject to fixed tax payment. single tax payers and single land tax payers were required to keep accounts separately for these types of activities and pay fixed taxes in the prescribed manner.

On the other hand, if the enterprises of this category voluntarily refuse to pay the single tax payment, they can switch to paying general taxes from the next reporting period based on a written notification submitted to the state tax service authorities within ten days after the end of the reporting period.

Before the new version of the Tax Code of the Republic of Uzbekistan is adopted, in order to better understand the mechanisms of taxation of service enterprises and express them on a simpler scientific basis, we present the following

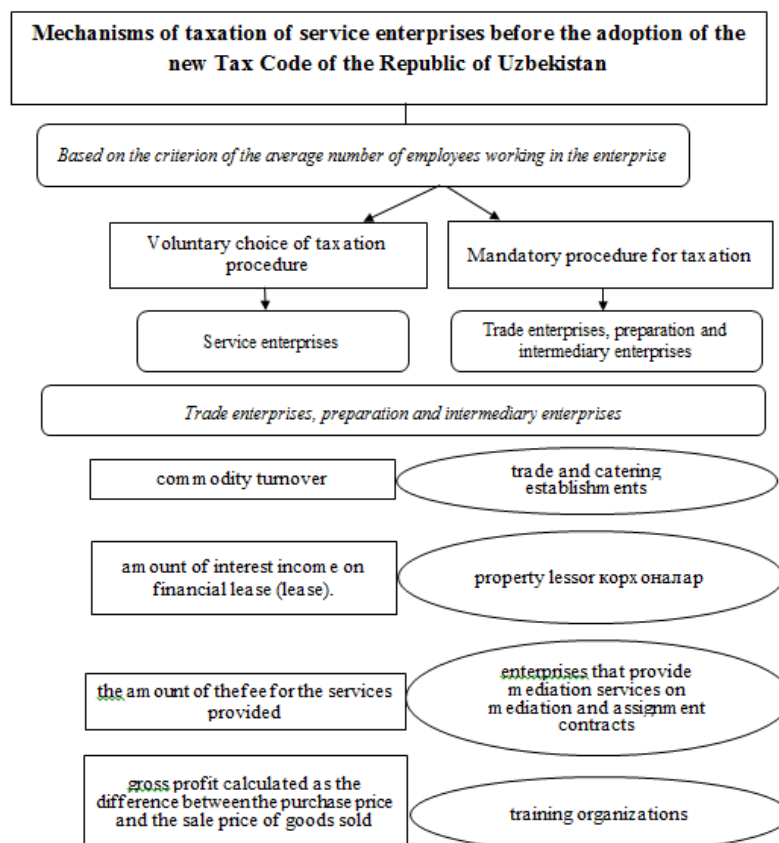


Figure 1. Mechanisms of taxation of service enterprises before the adoption of the new Tax Code of the Republic of Uzbekistan¹

¹ Compiled by the author.

It is known that the new version of the Tax Code came into effect on January 1, 2020. According to the new version of the Tax Code, instead of a single social tax, a single tax and a fixed tax, a social tax, a turnover tax and a fixed amount of personal income tax were introduced, as well as the unification of taxes, similar taxation by combining taxes with a base, their number was optimized and simplified.

In accordance with the new tax code, there has been a radical change in the mechanisms of taxation of service enterprises. Previously, enterprises of this type mainly paid a single tax payment and some other types of taxes based on the content of their activities, and voluntarily paid taxes in a simplified or general manner (except for producers of products subject to excise tax). the weighting was carried out on the basis of their annual turnover. That is, according to Article 461 of the current Tax Code, like enterprises in other sectors, "legal entities of the Republic of Uzbekistan whose total income from the sale of goods (services) during the tax period does not exceed one billion soums, and whose income from the sale of goods (services) during the tax period exceeds one hundred million soums, but individual entrepreneurs with up to one billion soums" are considered to be taxpayers of turnover tax instead of single tax payment.1-жадвал.

**Analysis of financial and economic activity of service enterprises operating in Uzbekistan
(billion soums)**

№	Service areas	2020 year			2021 year			2022 year		
		Number of workers	Salary fund	Merchandise turnover	Number of workers	Salary fund	Merchandise turnover	Number of workers	Salary fund	Merchandise turnover
1	Communication and information services	42065	1473,6	12363,6	44947	1 910	11993,7	36812	2 557	17453,3
2	Financial services	5 237	86,3	757,1	4 995	126	799,6	3 897	159	1 165,4
3	Transport services	29312	837	5 394,4	36224	1 391	9 844,5	29048	1 993	17218,3
4	Accommodation and food services	58364	324	2 014,8	54671	513	3 302,3	43699	678	5 407,5
5	Trading services	6 966	31	68,5	6 399	45	90,6	4 631	49	124,9
6	Services related to real estate	2 235	27	30,2	2 513	35	33,6	2 634	60	58,8
7	Services in the field of health	18580	372	102,5	25879	686	298,6	22509	1 081	417,6
8	Personal services	8 690	135	502,9	6 445	61	415,3	5 124	116	659,7
9	Other services	99988	1 641	4 264,8	104295	2 569	7 255,2	91026	3 157	8 714,8
	Total:	271437	4928,0	25498,7	286368	7335,5	3 033,3	239380	9850,6	51220,3

Source: Compiled by author.

If we look at the analysis of the financial and economic activity of the service enterprises operating in Uzbekistan based on the data of the table, the highest indicators in terms of the number of employees, the wage fund and the turnover of the goods in the period under analysis belong to communication and information services, and in terms of the wage fund and the turnover of the goods a high rate can be seen

in the field of transportation services, and also in the healthcare sector enterprises can see that the payroll by 2022 has increased by almost 3.5 times compared to 2020. In these three indicators selected as the object of analysis, the wage fund and turnover directly serve to form the tax base and are considered important from the point of view of taxation.

The main conceptual directions of state policy in the taxation of service enterprises in the tax system of Uzbekistan are aimed at state development of the service sector and their financial support, as well as increasing tax revenues from these enterprises based on the factors of increasing the tax base. In order to improve the mechanism of taxation of enterprises in the field of services, it is necessary to improve some of the current procedures.

The analysis of the practice of taxation of service enterprises shows that it is necessary to improve the procedures for the objective formation of the tax base in their taxation. In particular, we consider it important to base some imported services (installation and (or) start-up-adjustment services) on the basis of market values in the tax base by non-resident enterprises engaged in service provision today, and this is one of the problems in the taxation of service enterprises today. can also be considered as one.

In order to solve this problematic process and improve the taxation of service enterprises based on the principle of fair taxation, we make the following proposal. That is, in our opinion, non-resident enterprises engaged in providing services, if the value of the services provided in the international agreement on the purchase (sale) of equipment, which provides for the provision of installation, commissioning and adjustment services, staff training services and other similar services for their activities, is not specified separately, we believe that it is appropriate to determine the taxable income of a non-resident based on the market value of such services, then it will be possible to objectively determine the tax base in this type of enterprises.

We know that according to the current Tax Code of the Republic of Uzbekistan (articles 461,462), enterprises, including enterprises in the service sector, have the right to pay turnover tax instead of paying value added tax and profit tax. However, the analysis of the implementation of these procedures by service enterprises shows that some taxpayers, although their annual turnover (income) exceeds one billion soums, according to the current norms, they pass through notification to the payer of profit tax and VAT and value added tax from the first day of the next month. and could shift to paying profit tax. This created certain additional formalities in the tax practice in the organization of the tax administration.

Based on this, in our opinion, if the total income of service enterprises (including newly established legal entities and newly registered sole proprietors) exceeds one billion soums during the tax period, like other enterprises in this order, they will pay value added tax from the day their income reaches the specified amount. and it would be appropriate to switch to paying profit tax. First, this procedure makes it easier to calculate the appropriate amount of VAT and profit tax for the month, for which period of the month the large amount of taxes for some large categories of service enterprises, and secondly, the tax administration becomes much simpler, if the total income of the taxpayer exceeds one billion soums VAT and profit tax themselves will be transferred to the calculation of taxes based on accounting rules and will serve to correctly determine their tax obligations.

Conclusion/Recommendations

Based on the theoretical analysis carried out in the framework of this article, we can conclude that due to the implementation of our proposals based on the above, although the temporary tax revenues from the budget will decrease, however, trade, hotel, catering and logistics services, as well as technical service and entertainment facilities, highways will increase. . development of modern agricultural services, development of modern market services, education, medicine, art, tourism, hotel and general catering and

150	ISSN 2576-5973 (online), Published by "Global Research Network LLC" under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm
	Copyright (c) 2023 Author (s). This is an open-access article distributed under the terms of Creative Commons Attribution License (CC BY).To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/

transport services, increase of high-income services in large cities, especially large trade and entertainment facilities, specialized clusters in areas where educational and medical institutions are located due to the increase in the volume of services and their value, an additional tax base will be formed and lost tax revenues will be compensated.

References:

1. Decision PQ-5113 of the President of the Republic of Uzbekistan dated May 11, 2021 on measures to rapidly develop the service sector.
2. Decision PQ-104 of the President of the Republic of Uzbekistan dated January 27, 2022 "On additional measures for the development of the service sector".
3. Decree of the President of the Republic of Uzbekistan No. PF-6314 dated September 15, 2021 "On measures to further reduce the administrative and tax burden for business entities, and to improve the system of protecting the legal interests of business".
4. Decree of the President of the Republic of Uzbekistan dated April 4, 2011 No. PF-4296 "On additional measures to further reduce inspections of business entities and improve the system of organizing control over their activities."
5. Kotler, F., Marketing Management. Ex press course. 2-e izd. / Per. English pod ed. Bojuk S. G. SPb.: Peter, 2006.
6. Sphere style: new concept development/V.M. Rutgeiser, T.I. Koryagina, T.I. Arbuzov and Dr. - M.: Economics, 1990.
7. Kulisher I.M. Ocherki finansovoy nauki, 1919, p. 147.
8. Linkova Galina Georgievna. Activation predprinimatelskoy deyatel'nosti V sphere uslug metodami nalogovogo stimulirovaniya. Autoreferat dissertatsii na soiskanie uchenoy stepi kandida ekonomicheskikh navk. St. Petersburg. 2018.g.
9. Egorova Stella Kurbanovna. Informatsionnoe obespechenie upravleniya v sphere bytovogo obsluzhivaniya. Abstract dissertation na soiskanie uchenoy stepi doktor ekonomicheskikh nauk. Moscow 2000 g.
10. Maloletko Dmitry Nikolayevich. Monitoring nalogovogo vklada predpriyatiy obshchestvennogo pitaniya kollektivnykh sredstv razmeshcheniya. Autoreferat dissertatsii na soiskanie uchenoy stepi kandida ekonomicheskikh navk. Moscow 2013
11. Dyshevsky Alexey Sergeevich. Nalogooblojenie predpriyatiy gostinichnogo tipa. Autoreferat dissertatsii na soiskanie uchenoy stepi kandida ekonomicheskikh nauk. Moscow 2007
12. Tukhlov I.S., Hayitboev R., Ibodullaev N.E., Amriddinova R.S. Basics of tourism: Study guide – S.: SamISI, 2010.
13. Ochilov I. Types of services and their description in the context of market relations. // Development of service, service and tourism industries: problems and their solutions. Monograph. T.: "Economy-Finance", 2008.
14. Mustafoev Ghalib Sultanmurodovich. Service delivery and digital services: stages of development and socio-economic importance. Scientific electronic magazine "Economy and innovative technologies". No. 6, November-December, 2020.; Ismailov B.A. Socio-economic importance and principles of the development of the service sector economy and finance / economics and finance 2021.