

## **Tax Incentives for Small Businesses Abroad**

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**Abstract:** This article discusses the tax reforms of Uzbekistan for 30 years and the development of small businesses.

**Keywords:** Tax, business, small business, economy, reform and then.

In Uzbekistan, in 30 years of independence, in the course of large-scale reforms and transformations on the basis of the internationally recognized «uzbek model of development, significant systematic work was carried out on the liberalization of tax policy , improving and simplifying the tax system. At the same time, measures have been taken to ensure transparency of tax administration, increase legal literacy of taxpayers, reliable protection of private property, small businesses and private entrepreneurship. In this purposeful and consistent work, several important stages related to the priority directions of development of independent Uzbekistan in each specific period can be noted. Thus, in the early years of independence, in the face of falling production and high inflation, the most important task was to ensure the receipt of funds to the State budget of the Republic. On this basis, the focus was then on the fiscal function of taxes. It may be recalled that when the State budget of the Republic was approved for 1991, its deficit was almost 7.5 per cent. Therefore, there was an urgent need to create such a tax mechanism, which would be aimed at reducing the deficit of the State Budget and strengthening its income share. In a short period of time, a holistic system of the legal and regulatory framework of taxation was developed. In particular, in 1991, the laws of the Republic of Uzbekistan «On income tax from citizens of the Republic of Uzbekistan, foreign citizens and stateless persons», «O taxes from enterprises, associations and organizations» were adopted.

At the same time, between 1991 and 1995, attention was drawn to stimulating production growth and supporting job creation by abandoning the income tax collected in the former Soviet Union from enterprises, economic bodies, cooperative and public organizations, as well as payments from the profits of state-owned enterprises that did not take into account the economic condition of enterprises and were exclusively fiscal in nature, also the turnover tax was abolished, which, in fact, it was not a tax, but rather a mechanism for price regulation and was a certain part of the price individually set for each product.

In the period 1995-2005, the process of rationalization of the tax system was carried out, during which the tax legislation of the republic was created and strengthened. Thus, in order to determine the legal basis and give the activities of the state tax service the status of legality, as well as the formulation of clear and clear rights and obligations of taxpayers in 1997, the Law of the Republic of Uzbekistan «O of the state tax service» was adopted, according to which the state tax authorities are entrusted with one of the most important tasks in the state — ensuring completeness and timeliness in the budget of taxes and other mandatory payments. Also, the Tax Code of the Republic of Uzbekistan was adopted as a single legal basis in 1997. In total, 39 laws, 44 decrees and 96 decrees of the President of the country, as well as 233 decisions of the Cabinet of Ministers relating to the tax sphere have been adopted during the years of independence.

Among them are 32 legislative acts concerning the improvement of the activities of the state tax service. This made it possible to create a strong and reliable legislative framework, thanks to which in a quarter of a century of independent development in Uzbekistan it was possible to form a tax system, at the same time, as a full subject of international law, Uzbekistan pursues a consistent policy of strengthening the legal framework for cooperation with other countries in the field of taxation the GNC has signed 52 agreements on avoidance of double taxation and prevention of tax evasion on income and capital with countries such as Russia, Germany, Italy, Switzerland, the Netherlands, China, the Republic of Korea, etc, Slovenia, Ireland, Spain, etc.

The tax on the income of individuals has also decreased. While it had previously been calculated and levied on the seven scale system with a maximum rate of 60 per cent of the income received, the tax was now levied on four scales and the maximum rate was 23 per cent. It is important to note that since 2015, a zero tax rate on the incomes of low-income individuals has been introduced — less than one minimum wage. At present, the share of small and medium-sized enterprises in the GDP of developed countries is very large. In the United States, the share of small and medium-sized businesses in GDP is 52 % (5.6 trillion dollars), in the total number of active enterprises — 97.6 %, in the total number of economically active population — 50.6 %., etc %., what brings the US among the undisputed leaders in the development of small and medium-sized enterprises. It should be noted that the development of small and medium-sized enterprises in our country was very slow, and accordingly, measures to support this sector of business, including taxation. Russia has experienced many upheavals and, when the problem of taxation of our country became aware, relevant legal and regulatory acts were adopted, which were aimed at creating incentives and benefits in the field of taxation. Specific transformations of taxation of small and medium-sized enterprises began to change in the 90s of the last century. During this period, in 1996 was.

In the UK, small-scale entrepreneurship is up to 49 employees, with an annual turnover of 5.3 million dollars. In the United States has different criteria: depending on the type of activity, the number of enterprises can be 100, 500, 750, 1000, 1500 employees, annual income also depends on the type of activity and may vary from 0.75 to 20 million dollars. A somewhat different vision of small enterprises in Asian countries. In Japan, the number of small enterprises in the service sector is limited to 100 employees, in retail trade the number of employees should not exceed 50 people, in wholesale trade not more than 100 people, and the amount of authorized capital should not exceed 2,844 thousand dollars, restrictions on funds also depend on the type of activity. In India, the number of employees for small businesses is not limited, but the value of the active part of the fixed assets should be not more than 22 thousand (small) and 55 thousand dollars (small). First of all, it should be noted that in most Western countries the tax system is holistic, as a result of which the tax base for all small businesses is determined equally, under no circumstances does it lose its integrity. Considering the world experience, first of all, it should be noted such feature of support of SMEs abroad as differentiation of tax rates for different types of business. In most countries, the reduction in income tax rates applies to both small and medium-sized enterprises. Usually this measure is not openly supported by a tax benefit, but is used as an element of tax policy. For example, in the United States at the federal level, reduced rates are used for small and medium-sized enterprises (15 and 25%, respectively).

Funding for small and medium-sized enterprises is also an important component of financial assistance to enterprises facing financial difficulties due to adverse environmental factors. In addition, there is a stable development of bilateral interaction of state power with business structures. Japanese best practices in the use of information and communication systems to monitor the effectiveness of state support measures for small and medium-sized enterprises may be very popular and relevant for Russia. To date, Japan has developed, implemented and very successfully uses a universal system of support for small and medium-sized businesses at almost all levels and in all directions. China's experience in supporting small businesses is also interesting. Active support and promotion of small and medium-sized businesses is one of the priorities of the Chinese government. In the management system of all small and medium-sized

enterprises in China, «collective management of» has long been practiced, when there is practically no single management center, but industry government bodies have been established, and there is a special body to agree on the possibilities of entering foreign markets of Chinese small and medium-sized enterprises — Coordination center for external cooperation of small and medium-sized enterprises in China. In addition, the public information service China SME Online (CSMEO), which operates in all regions of the People's Republic of China, employs more than 200,000 customers every day. The CSMEO information network is designed to provide its users with the most up-to-date information on current changes and trends in existing regulations, the emergence of new regulatory documents, etc, required volumes of supplies and demand in foreign and local markets. The network displays the most complete and up-to-date information on the state of the small business market, the characteristics of the highest quality products produced by the SME segment. CSMEO reports on vacancies in small and medium-sized businesses in different regions and cities of the country. The network collects and provides information to employers about job seekers, consults entrepreneurs, provides an extensive list of technical and educational services. After the reforms of state institutions within the framework of the trade and economic committee of the Government of the People's Republic of China, a department of small and medium-sized businesses was formed. Its main functions are: to guide the reform and restructuring of these enterprises; to develop policies to support these enterprises; to encourage the establishment of a service system for them; to coordinate international cooperation between small and medium-sized enterprises. In 2000. A national committee on trade and economy had established a Chinese working group to promote small and medium-sized enterprises. It consists of 12 financial, scientific, technical, banking and other institutions. The Chinese government has developed a «Law on assistance to small and medium-sized enterprises». It clearly defines the protection of the legitimate rights and interests of small and medium-sized enterprises and focuses on improving their operating environment. One of the main provisions of the law is that the state budget includes an article on small and medium-sized enterprises and creates a special fund for their development at the expense of the state budget. The law also contains clear instructions for the formation of small and medium-sized businesses, credit guarantees and the establishment of a social service system.

The Government is considering training of various categories. This is a long-term strategic goal for the development of small and medium-sized businesses, which will require numerous forms of state assistance. First, training for small and medium-sized enterprises should be given priority on the basis of existing economic training institutions as well as specialized management training institutions. At the same time, it is important to provide benefits for such training. Secondly, with a particular focus on training trainers for small and medium-sized enterprises, there is a need to gradually train highly qualified teaching staff to meet the current needs of small and medium-sized enterprises. It was also important to encourage the development of small and medium-sized enterprises to establish their own training system.

Thirdly, it is necessary to create training centers and develop recommendations for management personnel of small and medium-sized businesses, to form a market of specialists for them. These measures should aim at providing enterprises with qualified personnel at all levels. The Government of the People's Republic of China encourages and supports the development of a system of technical innovation in all enterprises. In order to stimulate the introduction of scientific and technological achievements in production and to create a mechanism for the development of technologies by the personnel of enterprises, the state believes that science and technology should be considered as the «total contribution of». In parallel with the reform of the tax system, the Chinese government is considering the inclusion of a budget line for the development of small and medium-sized businesses and the establishment of a special fund for the development of science and technology. In addition, managers at all levels, taking into account the current situation, are required to establish special funds to support small and medium-sized businesses.

The Government of the People's Republic of China has taken a number of measures to increase financial support for small and medium-sized enterprises. The system of capital movement of small and medium-sized enterprises has been improved. At the request of the government, commercial banks in China were founded by commercial banks to credit small and medium-sized businesses. State banks, relying on a fairly wide network of commercial banks, have significantly increased the volume of lending to small and medium-sized businesses. Commercial banks in China are now the main lending institutions that provide borrowed funds to small and medium-sized enterprises. At the same time, the Government of the People's Republic of China began to stimulate the development of small and medium-sized financial and credit organizations.

China's experience in creating and improving a system of support for small and medium-sized enterprises will undoubtedly be useful in the development of the system of state support and regulation of small and medium-sized enterprises in Russia. The examples of France and Germany as leading European countries should also be taken into account. In France, as in many other capitalist countries, organizations are active, whose activities are directly related to the support of small and medium-sized businesses. One of them is the Entrepreneurship Agency (APCE), created with the support of the French Government. The agency offers a large number of tools to support small and medium-sized businesses. One of the important factors is the possibility of obtaining online consultations on entrepreneurship: the entrepreneur can contact banks on credit issues, consult with insurance companies, and find an accountant. It is also possible to fill in online forms of documents necessary for registration of the enterprise, amendment of the charter or termination of economic activity. In France, there is also a structure whose activities are related to the financing of SMEs — by the state organization OSEO.

Through this organization, the Government of France finances small innovative projects. The organization acts as a guarantor and guarantor of loans issued to small and medium-sized enterprises by partner banks. Special attention should be paid to the NACRE program established by the Ministry of Economy, Industry and Employment. The program provides interest-free loans and expert support to certain projects. Basically, these are social projects aimed at creating or restoring companies within the first three years after the start of their activities. The Government also provides the possibility of simplified registration of an entrepreneur with the status of self-employed. It should be said that in France, special attention is paid to the unemployed who wish to open their own business. There is a special support system, the main principle of which is the release of the new entrepreneur from all types of taxes for three years, as well as for a year from payments to social funds. In addition, entrepreneurs in France, who have opened their new business in the underdeveloped areas of the country, receive a special benefit from the state in the form of total exemption from social protection funds. In Germany, all start-up entrepreneurs have the opportunity to receive preferential loans from the state in the amount of 50 thousand euros with maturity for 20 years. Innovative and scientific activity is very actively supported by the state, for the implementation of such activity the state compensates expenses to SMEs in the amount of up to 40 thousand euros. Commercial cooperation between SMEs and higher education institutions is steadily developing.

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