

DEVELOPMENT OF BUSINESS ACTIVITY THROUGH TAX BENEFITS IN THE FIELD OF TOURISM

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Abstract:

In this article, information was given about the tax benefits for entrepreneurs currently working in the field of tourism and citizens who want to enter this field. Also, at the same time, problems arising in the field of entrepreneurship due to taxes were studied and suggestions and recommendations were given.

Keywords: tourism sector, tax benefits, tax revenues, tourism industry, population employment, net profit.

Introduction

The tourism industry is not only an industry that serves people to relax, but it has become one of the most effective directions in the world economy. The increase in the number of tourists has led to an increase in the profits from them. According to statistical data, the amount of income from foreign tourists who came to Uzbekistan during the last 9 months of 2023 is 1.72 billion dollars (Saudi Arabian newspaper "Sabo")¹. Travel, tourism - these terms, in turn, lead to an increase in the income of service industries that are adjacent to it and complement each other. Helping them in the development of entrepreneurship through the use of tax incentives will stimulate the development of small business. Currently, in Uzbekistan, in order to satisfy their needs and wishes by creating a convenient infrastructure for travelers, bringing the tourist infrastructure up to the level of demand has been accepted as a state program, and in this regard, a number of benefits have been provided to private entrepreneurs. Basically, there are tax benefits, which, guaranteed by law, provide relief to business entities in economic development.

LITERATURE ANALYSIS AND METHODOLOGY:

Undoubtedly, job opportunities will be created for the unemployed population by providing incentives for entrepreneurs who have established a tourism cluster in Uzbekistan. With the efforts of the head of our state, in the last 5-6 years, legal documents were developed, which are the legal basis for the development of tourism. In particular, in the decision on the measures for the development of ecological tourism, "the land plots located in the eco-regions, without changing their category, to the business entities for the establishment of tourist clusters, further extension of the period of operation through the electronic trading platform "E-auction" it will be leased for a period of 10 years."² (Decision of the President of the Republic of Uzbekistan, dated 12.01.2024 No. PQ-21) If a hotel is established and operated by acquiring land at an affordable price, then it can bring its activity to the level of advanced

¹ It was written based on the information collected by the author

² <https://lex.uz/uz/docs/-6759745>



activity in the following periods. Tourism is one of the main mechanisms that serve to preserve the cultural values of society and achieve a high level of development in the country. From January 1, 2022 to January 1, 2027, business entities are entitled to:

90% reduction of land tax levied on legal entities and tax rates on property of legal entities. In this case, applying this privilege to new construction objects (including the land plot occupied by them) until January 1, 2027, for a period of 5 years from the month of their commissioning;
granting the right to deduct the value of buildings as depreciation expenses for two years when calculating profit tax;

Tax has a great role in the field of tourism, and many countries in the world use tax as a source of income. The use of tax revenues for infrastructure development, sustainable growth in tourism, and marketing expenses will contribute to the increase of income from tourism facilities. Also, by reducing the tax rate, a benefit can be set for the persons who establish a business.

For politicians and economic experts, the most important is the policy recommendation to provide appropriate tax policies such as tax incentives to reduce tax rates and increase tax revenue. Because the increase in tax revenue can reduce the dependence on foreign exchange earnings from the tourism sector, in addition, the level of production and the improvement of production capacity and capacity, resulting in an increase in per capita income will increase the demand for the tourism sector and increase tourism income. Can pave the way for increase. (Seyyed Mohammad Ghaem Zabihi, Zahra Rezazadeh, 2021)³

ANALYSIS AND RESULTS

When creating a tourist product, attention is paid to making a comprehensive plan, there are concepts such as avoiding tax payments or increasing the amount of expenses due to taxes. Development in tourism and finding great benefits from it depends on many factors. Also, the person who wants to establish a tourist business has a strong risk and this causes the factors of striving to have permanent customers and trying to develop the tourist business while spending less in this regard. It is an important issue to control the activities of those who set up such a new business because of the tax and to maintain the economic balance in the market. Taxes play a big role in not opening the way to the hidden economy. All these actions are necessary for the well-being of the population. If we turn to statistical data, in recent years, many tax and other benefits have been applied for the establishment of tourism in Uzbekistan. This is to enter the market and then develop their business in a healthy competitive environment.

The number of people served by tourist companies and organizations⁴

	2017	2018	2019	2020	2021	2022
Republic of Uzbekistan	670	713,2	942	212,3	577,8	673,7

If we look at the level of development of social spheres other than tourism through tourism revenues, it has mainly had a positive effect on the hotel industry. In recent years, the sharp increase in the number of services has further developed the demand for tourist products. Learning from the experience of

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https://www.researchgate.net/publication/351244442_The_Impact_of_Taxation_in_the_Tourism_Industry_Dynamic_Approach,Seyyed_Mohammad_GhaemZabihi,_Zahra_Rezazadeh,2021

⁴<https://stat.uz/uz/rasmiy-statistika/social-protection-2>



foreign countries in reducing tax rates, it is important to achieve high profit by introducing it into our practice. In particular, we can see that the tax in the following countries is organized separately for hotels. However, the introduction of a special tourism tax may expose the current policy to criticism and lead to tax evasion.

Tax for tourists in hotels⁵

States	Taxes are in % of total hotel charges
Denmark	25
Iceland	14
Sweden	12
France	5,9
Portugal	5
Singapore	4
Switzerland	3,5

Indirect taxes occupy an important place as an option of taxation in tourism. The tourism sector can benefit from general taxation, but the administrative costs create many obstacles in the implementation of this practice.

CONCLUSIONS AND SUGGESTIONS

Uzbekistan is a country with significant tourism potential. Its use in full practice is aimed at creating new jobs, increasing foreign currency income and increasing the real income of the population. Due to this, the development of this field in our country remains an urgent issue. It is the development of a specific amount of taxes for business owners who have established a tourist firm that leads to the achievement of a certain level of economic growth in the tourism sector. When applying the tax system in tourism, work should be done based on the principles of efficiency and economy. The data shows that the currently applied tax amount is not effective for tourist companies. Basically, there are many types of benefits that are given only for newly established companies or certain categories of activities. It is expedient to develop classified forms of tax for large profit-seeking business organizations.

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