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International experience in taxing the service sector and prospects for its application in the national tax system

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ABSTRACT

This article examines the scientific and theoretical issues of taxation of enterprises in the service sector in Uzbekistan, the development of the service sector based on individual approaches, providing business entities with financial resources and infrastructure, as well as the introduction of a favorable tax regime in Uzbekistan. It requires research work. At the same time, it highlights the entry into a new level of service for business entities, further improving the literacy of the population in the field of tax administration, improving administration based on business support, creating equal conditions for competition and guaranteeing consumer rights, as well as encouraging active participation of the general public in curbing the hidden economy. At the same time, industries are being studied, foreign experience is being formed, scientific and practical conclusions and proposals for its application in our country.

Keywords:

tax revenue, threat-analysis, risks, efficiency, digital platform, methods and tools, advanced information and communication technologies, analysis, optimization, tax benefits, tax rate.

Introduction: Over the past five years, Uzbekistan has been trying to ensure the territorial and social development of the population, assimilation of new economic areas, increase production efficiency and consumption of material goods, January-December 2023 The volume of market services provided per capita reached 13 million soums in 2018, which is a 120% growth rate compared to 2022. At the same time, enterprises operating in the service sector are being supported on the basis of financial and credit mechanisms, especially the application of special incentive tax regimes has a positive effect on their activities. "Development of the service sector based on specific approaches, providing business entities with financial resources and infrastructure, and introducing a favorable tax regime for them" are identified as urgent issues of today's service enterprises. requires the implementation of

research and development activities aimed at the application of favorable tax regimes and its effectiveness.

Analysis of literature on the topic:

We present a brief literature review on the socio-economic nature of service enterprises and ways to optimize taxes.

According to F. Kotler, service is any activity that one party can offer to another. [1].

According to F. Kotler, services are a wide variety of activities and commercial activities that "can be offered by one party to another party and are mostly intangible and do not lead to ownership of something. He says that the provision of services may or may not be related to tangible goods [2].

I.S. Tukhliyev pointed out that "Services are a special kind of invisible goods" [3].

Russian scientist T. Khilla, as a result of his research on this matter, concluded that Service

is a change in the state of a person or goods belonging to an economic unit as a result of the activity of another economic unit with the prior consent of the first unit [4].

According to I. Ochilovni, "Service" refers to the conscious activity of a person, business entities, the state and society, related to the service process that brings benefit to people [5].

According to G. Mustafoyev, service is an intangible action or labor product directed by a certain party, which has its own value [6].

N.A. Barinov service is a useful action of a product (thing) or an economic relationship that manifests itself in the form of an activity to satisfy specific, rational needs of a person, creates use values, and appears as a result of work [7].

Analysis and discussion of results.

In the first chapter of our research, the evolutionary processes of taxation practice and the emergence of taxation theories and their application in the tax system were shown. It briefly explained the theoretical foundations of the development of service industries in the world taxation system according to their own laws. In this section of our research, we will briefly analyze the general features of taxation of service enterprises in world practice and the practice of taxation of these enterprises in the example of some countries of the world.

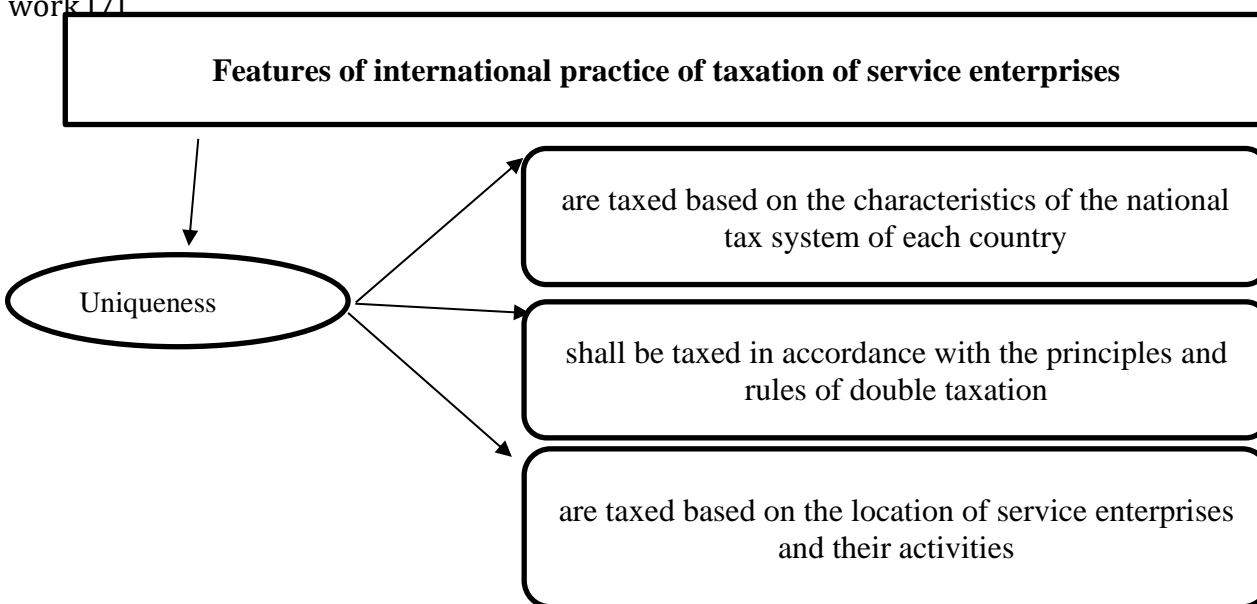


Figure 1. Features of international practice of taxation of service enterprises ¹

Taxation of service enterprises around the world is taxed firstly based on the characteristics of the national tax system of each country, secondly, in accordance with the principles and rules of double taxation, and thirdly, based on the location of service enterprises and their types of activities. .

A number of taxes have been introduced in world practice for taxation of service enterprises. In particular, most countries of the world apply value added tax levied on retail sales of goods and services. VAT rates vary from country to country and can range from 0% (zero rate) to higher percentages. Many countries apply a value-added tax (VAT) or similar tax on

retail sales of goods and services. Value Added Tax rates are subject to change and typically range from 5% to 27%. Some countries also have reduced rates for certain types of services. Most countries apply value added tax (VAT) or the equivalent. VAT rates in different countries can range from 0% to higher values such as 20% or more. Generally, the VAT rate for services may differ from the rate for goods.

The next type of tax is the corporate income tax (Corporate income tax), in which service companies are taxed based on their profits, and these tax rates vary widely between countries and can range from a few percent to a significant percentage. . Corporate income tax rates can

¹ Muallif tomonidan tuzilgan.

vary from country to country and typically range from 0% (for special economic zones or preferential treatment) to 30% or higher. In many countries, services provided by businesses are subject to corporate income tax. At the same time, the tax base and rates may change depending on the organizational and legal form of the enterprise and other factors. In the practice of taxing service enterprises, personal income tax (similar to the income tax from individuals in the tax system of our republic) (personal income tax) is also levied, which is mainly for individual entrepreneurs and in the service sector. Working individuals are usually subject to personal income tax. Personal income tax rates also vary by country and may be based on progressive taxation principles.

In most countries (for example, the USA, Germany, Russia, Kazakhstan, Armenia, Japan, Brazil, Norway, etc.), taxes collected from service enterprises, similar to the practice in Uzbekistan, are often local (municipal) taxes.) are involved in budgets. In some countries, for example, in the USA, Germany, Brazil, Russia, local taxes imposed by regions or municipalities may be imposed on service enterprises. These may include property taxes, land taxes, and more. In recent years, tax rates for taxing service enterprises in the world have been significantly different depending on the country and type of service.

Many countries use double tax treaties to avoid situations where the same income is taxed in more than one country in the taxation of service businesses, especially in the taxation of transport, restaurant businesses and digital (internet commerce) businesses. It is the agreement on the elimination (harmonization) of double taxation processes that determines the rules for the distribution of tax rights between countries on the basis of treaties. However, it should be noted that tax systems and policies can change over time, and specific rules for tax services vary across countries. Many countries have bilateral or multilateral tax treaties governing the taxation of services between countries. These treaties may contain provisions for the avoidance of double taxation and the resolution of disputes.

Some countries impose special taxes on the use or sale of certain services. These are taxes on entertainment, utilities, tourism and other types of services. In many countries, income taxes are withheld from the wages of workers, including service workers. In some cases, services provided in certain sectors (such as hospitality) are subject to real estate or land taxes, while certain recipient countries may have special taxes or fees for certain types of services. For example, some countries have a tourism tax or a gambling tax. Some states (eg in the US) and municipalities have special taxes and fees associated with certain services or sectors, such as hospitality or retail.

If we focus on the experience of the United States of America, which has great practical best practices in the taxation of service enterprises without value added tax, the taxation of the service sector is regulated at the federal, state and municipal levels. are taxed and vary by state and local tax jurisdiction. As we noted, the US does not have a value-added tax, instead many states use sales taxes (sales taxes) or general taxes on goods and services (general sales and use tax), tax rates and the list of taxable services may vary from state to state. Taxation in the United States is complex and depends on many factors, including state and municipal laws, the nature of the service, the structure of the business, and other factors.

Corporate income tax is also used to tax service businesses in the US, the tax rate depends on the type of activity and the size of the company. In addition, each state may have its own corporate income tax. Self-employed taxpayers in the U.S. service sector pay personal income tax and social security contributions. As noted, individual states (such as Texas) or local tax jurisdictions in the United States may have specific taxes and fees associated with certain services. For example, some states have a separate tax on hotel services or car rental services.

International tax treaties apply to companies that provide services outside of the United States or have international operations, which may affect the taxation of service income. The service is also subject to US federal corporate income tax. The service industry, including

individuals and companies, is subject to the federal corporate income tax (corporate income tax). The federal corporate income tax rate is 21% (current 2022 data), but subject to change by law. State-level corporate income tax also applies.

Each state in the United States has its own corporate income tax system. State tax rates and rules vary significantly from state to state. Some states and municipalities in the United States may have additional taxes and fees for certain types of services, such as tourism or certain professional licenses. Certain service areas may be subject to special taxes or license fees. For example, hotel and restaurant services are subject to special tax rules and requirements.

If we pay attention to the European experience of taxation of service enterprises, the experience of Germany, where the taxation mechanisms are quite complex and relatively simple, is particularly important. Taxation in the service sector in Germany is carried out in accordance with the federal tax system and tax laws. In Germany, service taxation is carried out in accordance with the Uniform Tax Code ("Abgabenordnung") and the Value Added Tax Act ("Umsatzsteuergesetz"). Some key aspects of service tax in Germany are:

Germany has a value added tax ("Umsatzsteuer") on the sale of goods and services. The general VAT rate in Germany is 19%, but there are also reduced rates for certain goods and services (e.g. 7% for certain food, books, cultural events). Service companies usually include this tax in the price of the service and remit it to the tax authorities. Corporate income tax ("Körperschaftsteuer") also applies to the taxation of service businesses in Germany, with a corporate income tax rate of 15% and an additional solidarity tax of 5.5% of the tax amount. In Germany, taxpayers who are self-employed and specialize in providing services are subject to income tax ("Einkommensteuer"). They must declare their income and pay tax based on a progressive scale of taxation based on their income level. Some municipalities in Germany may have an additional local service tax ("Geverbesteuer"). This tax is levied on commercial activity and is subject to local rates and regulations. In this

country, special taxes or fees may apply to certain service sectors. For example, some types of services such as tourism or gaming are among them.

Taxation in the service sector in England (Great Britain) is carried out in accordance with the general tax system of the country. The standard rate of value added tax (VAT) in England is 20%, but there are reduced rates of 5% and 0% for certain types of services and goods. Enterprise income tax is also applied to service enterprises, and service enterprises are taxed according to their profits. The corporate income tax rate is 19% (from April 1, 2023). Individual entrepreneurs working in the service sector are usually subject to personal income tax. Personal income tax rates are progressive and depend on the level of income. England has a property tax system which includes council tax (local tax on housing), business rates (tax on commercial property) and stamp duty (tax on property purchases). Special taxes and levies also apply to service businesses in England. In some cases, special tax rules and requirements may apply to certain types of services. For example, certain industries, such as financial services or the gambling industry, have special taxes. International tax treaties can be used to prevent double taxation and to determine tax jurisdiction between countries in international transactions and provision of services abroad. In Great Britain, including England, taxation in the service sector is carried out in accordance with the general tax system of the country. Individual entrepreneurs working in the service sector are usually subject to personal income tax. Personal income tax rates are progressive and depend on the level of income. Rates for 2021-2022 range from 20% to 45%.

The UK has national insurance contributions that tax the income of individuals and businesses. These contributions cover social insurance and state pensions. England has local taxes, including Council Tax, which is levied by municipalities on property values and used to fund local services. Depending on the type of service and the industry in which it is provided, special taxes or license fees may apply. For example, a bed tax may be introduced in the hospitality industry or special license fees may

apply in certain industries.

Taxation in the service sector in France is carried out in accordance with the general tax system of the country. France has a value added tax (Taxe sur la Valeur Ajoutée, TVA) levied on the retail sale of goods and services. There are different VAT rates, including a general rate of 20%, reduced rates of 10% and 5.5%, and special rates for certain goods and services. In addition, business income tax (Impôt sur les Sociétés IS) applies to the taxation of service enterprises. In this case, the income tax rate is usually 28% for companies with annual profits up to 500,000 euros, and 33.33% for companies with profits above this threshold.

Individual entrepreneurs working in the service sector are subject to personal income tax (Impôt sur le revenu, IR). Personal income tax rates are progressive and depend on income levels. In some cases, certain types of services may be subject to special tax rules and requirements. For example, tourist tax can be applied in the field of tourism. Taxation of service enterprises in Russia, like other enterprises, is regulated and coordinated according to the Tax Code, which is the main federal tax law of the country. Tax legislation in Russia applies to all organizations and institutions located on the territory of the Federation, and service sector enterprises, which include trade, catering, accommodation facilities (hotels), services, household services, are subject to tax. has a number of features of its activity as an object of assessment (tax agent). About seventy percent of enterprises operating in the service sector in Russia are small businesses. As mentioned at the beginning of the second chapter of our research work, as of January 1, 2023, 325,809 units of the total number of enterprises and organizations in the service sector (392,787 units) are small business entities. Their share in the total number of enterprises and organizations operating in the service sector is 82.9%, and the share of large organizations engaged in service activities is 17.1% (66,978 units). This tendency is characteristic of most foreign countries.

In accordance with Articles 153, 164, 171 of the Tax Code of the Russian Federation, in the case of paying value added tax on the activities of

service enterprises, at a general rate of 18 percent, for some food products at a rate of 10 percent and for some goods and they pay tax at 0 percent rate for services. In accordance with Articles 149 and 18 of the Tax Code of the Russian Federation, sanatorium-resort, wellness organizations and recreation organizations provided with services, vouchers or referrals for the provision of residential buildings for use in the housing stock of all forms of ownership services, food products produced by canteens of educational and medical organizations and sold by them in these organizations, as well as services related to the sale of food products directly produced by catering organizations and sold by them to these canteens or organizations are exempt from VAT. Russia has a simplified taxation system (SST) that allows small businesses to pay taxes based on fixed amounts or percentages of income without separate categories of expenses and income. The simplified tax system is applied to certain types of services, depending on their size and nature. In the Russian Federation, as well as in the tax system of Uzbekistan, the application of the zero VAT rate is used in order to protect the interests of consumers and reduce their tax burden, not the activity of the taxpayer. In fact, we believe that it is appropriate to apply some aspects of the Russian experience to the tax system of Uzbekistan. That is, as in Russia, based on the types of services most used by the population, some types of services, for example, hotel services, transport services, medical services, in order to financially apply the population and stimulate the demand for this type of service We believe that it is necessary to apply a zero rate to others.

Taxation in the field of services in Kazakhstan is carried out in accordance with the tax legislation of the country. This country is subject to VAT on retail sales of goods and services, with a general tax rate of 12%, but a reduced rate of 0% and 8% for certain categories of goods and services. Businesses that provide services are taxed based on their profits. The income tax rate for most businesses is 20%. However, special preferential rates are used for some sectors or regions. Service employers pay social security

contributions on the wages of their employees, the rates of which are determined by law and depend on the wage level. Depending on the industry and type of service, special taxes or license fees apply, for example, some communications services are subject to communications tax. Taxation of enterprises operating in the service sector in China is carried out in accordance with the tax legislation of this country. For service businesses, VAT is charged on the retail sale of goods and services, with rates varying depending on the type of service and location of the business, with a general rate of 13%, 9% or 6% depending on the industry and region. Another type of tax paid by this type of business is the income tax. Service enterprises are taxed according to their profits. In China, the average rate of this tax is 25%, but there are lower and upper limits for certain industries and regions. In addition, there are local taxes collected by local governments in China, which include property tax, land tax, etc., and service enterprises also pay these local taxes depending on their line of business. Also, depending on specific services and sectors, special taxes or license fees apply, for example, financial services are subject to a tax on financial transactions. In theory, the taxation system is not a dogma, it is constantly changing. Its changes are caused by a number of factors. Due to these factors, firstly, the tax policy requires appropriate changes based on the level and state of socio-economic development, and secondly, in the process of taxation, some norms of tax legislation may not be as effective as expected and give rise to legitimate objections from taxpayers. , thirdly, in the process of implementing the priorities of the state's economic policy and certain targeted reforms, the tactics of the tax policy will be revised in parallel. there is a need to change the mechanisms to a certain extent.

Based on the aforementioned and the theoretical-analytical studies we carried out in the above two chapters of our research work, it can be said that there are some problems in the mechanisms of taxation of service enterprises or the need to increase the efficiency of the existing mechanisms.

In world practice, there are general features of taxation of service enterprises, i.e; firstly, the following three directions in the international practical features of taxation of service enterprises: taxation based on the characteristics of the national tax system of each country, taxation in accordance with the principles and rules of double taxation, and the location of service enterprises and their activities it can be seen that it is taxed based on its types;

secondly, most countries in the world (except the USA) apply a value added tax levied on the retail sale of goods and services. VAT rates vary from country to country and can range from 0% (zero rate) to higher percentages. Many countries apply a value-added tax (VAT) or similar tax on retail sales of goods and services; thirdly, in most countries (for example, the USA, Germany, Russia, Kazakhstan, Armenia, Japan, Brazil, Norway, etc.), taxes levied on service enterprises are often local as local taxes, similar to the practice in Uzbekistan. are involved in (municipal) budgets. In some countries, for example, in the USA, Germany, Brazil, Russia, local taxes imposed by regions or municipalities may be imposed on service enterprises. These may include property tax, land tax, etc.;

fourthly, mechanisms of social protection of the population through the tax system are also used through service enterprises. For example, in Russia, a zero rate is used for some types of services (because the application of the zero rate is used to protect the consumer, not the enterprise). Based on this, as in Russia, some types of services, for example, hotel services, transport services, medical services, in order to financially support the population and stimulate demand for this type of service, based on the types of services most used by the population We believe that it is necessary to apply a zero rate to others.

Conclusions and suggestions.

1. The existence of the economic system in the form of a production and non-production system is manifested as the basis for the creation of service enterprises. The economic-technological characteristics of the production of goods in the field of production and the need for certain additional activities for the smooth

operation of this system arise, and the production and provision of such needs is essentially explained by the concept of service. In addition, the nature of the consumption of manufactured goods requires an intermediate link in the delivery of manufactured goods to their consumers, and this process requires the service sector or the need for enterprises to implement it. The increase in the volume of production of goods, its diversification, the need for certain additional services in the consumption of goods also appear as an important factor in the emergence of service enterprises.

2. Enterprises of this type have a number of important features: firstly, they are quick to adapt to market requirements from an economic and financial point of view, that is, if the competition in the specialized field of activity increases, the service is closer to the (substitute service) type of service. adaptation takes place relatively quickly. Secondly, its flexibility 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 performance indicators are less than other large enterprises, which means that the service will be an important factor in increasing the flow of investments to demonstration enterprises and the growth of this type of enterprises.

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