THE IMPACT OF TAX CONTROL REFORMS ON SMALL BUSINESS DEVELOPMENT IN UZBEKISTAN

Turayev Ibrat,
Magistrant, Email: torayevibrat494@gmail.com

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Abstract. In recent years, Uzbekistan has implemented a series of tax control reforms aimed at enhancing transparency, ensuring compliance, and fostering a more favorable environment for small business development. These reforms, including the digitalization of tax administration and the introduction of risk-based audit mechanisms, have significantly influenced the operational landscape of small enterprises. However, the extent to which these regulatory changes have contributed to business sustainability and growth requires further academic assessment. This study aims to analyze the impact of modernized tax control measures on the performance, compliance behavior, and investment capacity of small businesses in Uzbekistan. The research also evaluates the effectiveness of these reforms in reducing administrative burdens and promoting entrepreneurship, thereby contributing to the development of a more efficient and competitive tax environment.

Problem Statement and Relevance. Small businesses play a critical role in driving economic diversification, employment generation, and fostering entrepreneurial activity in Uzbekistan. However, prior to recent reforms, the tax control system was often characterized by excessive bureaucratic procedures, non-transparent audit mechanisms, and a lack of digital integration, which placed a considerable administrative burden on small enterprises. These challenges frequently led to reduced business efficiency, increased compliance costs, and informal market participation. In response to these constraints, the government has introduced comprehensive tax control reforms aimed at simplifying regulatory procedures, implementing risk-based audits, and promoting digital tax administration. Despite these positive policy shifts, there remains a need to critically assess how effectively these reforms contribute to enhancing business sustainability and compliance incentives. Therefore, understanding the direct impact of tax control modernization on the development trajectory of small businesses is of high academic and practical relevance.

Analysis of Tax Control Reforms and Their Influence on Small Business Operations

Recent tax control reforms in Uzbekistan have primarily focused on increasing transparency, minimizing excessive administrative intervention, and promoting voluntary compliance among small business entities. A key component of these reforms is the transition toward digital tax administration through platforms such as "my.soliq.uz," which enables real-time reporting and reduces the need for physical inspections. Additionally, the introduction of risk-based audit models has shifted tax oversight from routine inspections to selectively targeting high-risk entities, thereby alleviating pressure on compliant small businesses. These reform measures have contributed to a more predictable and business-friendly fiscal environment, encouraging formalization and compliance. However, the efficiency of these mechanisms largely depends on the level of digital literacy among entrepreneurs and the institutional capacity of tax authorities to implement risk-based strategies. Thus, a comprehensive evaluation is required to determine whether these reforms sufficiently enhance operational efficiency and stimulate growth within the small business sector.

Recommendations for Enhancing the Effectiveness of Tax Control Mechanisms. To further strengthen the impact of tax control reforms on small business development, several policy-oriented recommendations may be considered. First, the full integration of digital tax platforms with financial institutions and accounting systems would streamline reporting processes and reduce compliance-related workload. Second, the refinement of risk-based audit criteria—by incorporating industry-specific indicators and behavioral tax compliance factors—would enable more precise targeting and mitigate unnecessary inspections. Third, enhancing the digital literacy and fiscal awareness of small business owners through state-supported training programs could increase the effectiveness of digital tax control tools. Additionally, the introduction of simplified tax regimes with clear compliance incentives may encourage informal businesses to transition into the formal economy. Finally, establishing feedback mechanisms between tax authorities and entrepreneurs would facilitate a more collaborative and trust-based tax environment that promotes long-term business sustainability.

Conclusion. The modernization of tax control mechanisms in Uzbekistan has introduced a more transparent, digitalized, and risk-oriented regulatory environment, which has the potential to significantly enhance the development of small businesses. By reducing excessive administrative intervention and promoting voluntary compliance, these reforms contribute to creating a more supportive fiscal climate that

aligns with entrepreneurial needs. Nevertheless, the long-term effectiveness of these changes depends on the continued improvement of audit criteria, digital infrastructure, and taxpayer engagement practices. Furthermore, sustained efforts are required to ensure that small business entities are adequately equipped to adapt to evolving tax control standards. Overall, the reforms represent a crucial step toward establishing a balanced tax oversight framework that stimulates business growth while maintaining fiscal discipline.