



## **DIRECTIONS FOR DEVELOPING TOURISM ACTIVITY THROUGH IMPROVING THE TAX SYSTEM**

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<b>A B S T R A C T</b>	<b>KEY WORDS</b>
The directions of development of tourism activity through improvement of the tax system were considered. The calculation of losses to the budget under the AOS in 2022 as a result of reducing the turnover tax rate to 1 percent was analyzed. The dynamics of forecast values of the main economic indicators of the tourism sector for 2024-2030 were presented.	Tax system, hotel, tourist resource, tax incentives, tourism product.

### **Introduction**

Based on the specific characteristics of the regions, in order to develop the service sector based on individual approaches, provide tourism businesses with financial resources and infrastructure, and introduce a favorable tax regime for them, the industry and service sector is developing rapidly in districts with a population of less than 300 thousand, taking into account the population size and density, geographical location, specialization, and level of infrastructure provision of the regions of the Republic. It is possible to see the possibility of developing the sector by prioritizing trade, hospitality, catering and logistics services in the districts, as well as the provision of technical services and the organization of entertainment venues.

Research has shown that it would be beneficial to set the social tax rate at 1 percent for business entities engaged in retail trade and catering, hotel (accommodation) services, passenger and freight transportation by motor vehicles, repair and maintenance of vehicles, and services in entertainment venues if their income from these activities constitutes at least 60 percent of the total income at the end of the current reporting (tax) period.

In addition, our analysis shows that the reduction of land tax and property tax rates on legal entities by 90% for service tourism entities, namely hotels (accommodation facilities) and shopping complexes with an area of over 5 thousand square meters (including the land plots they occupy) will lead to the development of their activities. In this case, it is necessary to apply this benefit to newly constructed facilities (including the land plots they occupy) for a period of 5 years from the month of their commissioning, and to grant the right to deduct the cost of buildings as depreciation expenses for 2 years when calculating profit tax.

## ANALYSIS AND DISCUSSION OF RESULTS

It is proposed to apply a special tax regime for business entities registered in tourism areas providing hotel (accommodation facilities), trade, catering, entertainment, tour operator and travel agent services, i.e. a 1 percent turnover tax rate to their taxation. (Table 1).

It is recommended to set the amount of property tax and land tax levied on legal entities for objects in these areas and the land plots they occupy at 1 percent of the amount calculated for these taxes .

Table 1. 2022 according to the analysis of the calculation of AOS losses lose millions of soums.

No.	Region name	Proposal completed privileged f a higher a t types according to			
		Number of enterprises	2022 - year calculation Waiting for OS ( privilege) I do n't understand . case a)	A OS What is the price of a stock ? 1 percent calculation of the balance Waiting for OS	Loss due to privilege (20 2 2)
By total area :		14,090	77,534.2	44 198.6	-33 335.6
1 .	Karakalpakstan Res .	700	7,597.0	4,506.6	-3,090.4
2 .	Andijan region	751	4 239.2	2,440.3	-1,798.9
3 .	Bukhara region	994	6 271.2	3,577.1	-2,694.1
4 .	Jizzakh region	867	5,471.8	3,070.4	-2 401.4
5 .	Kashkadarya region	1 159	5,691.3	3 182.2	-2,509.2
6 .	Navoi region	2,677	6,773.3	3,991.1	-2,782.2
7 .	Namangan region	1,000	6,988.6	4,027.9	-2,960.8
8 .	Samarkand region	896	3,258.4	1,875.6	-1,382.8
9 .	Surkhandarya region	340	3,044.7	1,806.2	-1 238.6
10 .	Syrdarya region	181	654.6	383.1	-271.5
11 .	Tashkent region	2 541	15,198.4	8 129.7	-7,068.8
12 .	Fagana region	403	2 109.4	1,198.1	-911.4
13 .	Khorezm region	1,581	10 236.0	6,010.4	-4 225.6

It is recommended to set the amount of property tax and land tax levied on legal entities for objects in these areas and the land plots they occupy at 1 percent of the amount calculated for these taxes .

According to a comparative analysis of the employment rate in the tourism sector with the situation in foreign countries, in Uzbekistan in 2022, 17 out of every 1,000 employed people worked in the tourism sector, while in the world, 100 out of every 1,000 jobs, in Kazakhstan - 49, in Russia - 56, in Belarus - 67, in Iran - 73, in Azerbaijan - 77, in Kyrgyzstan - 85, in Malaysia - 147, and in Georgia - 277 jobs, are in the tourism sector.

Considering the potential of existing tourism resources in our republic , it can be concluded that the achieved indicators are not satisfactory and that there is a large reserve of economic benefits in this area.

The theoretical study and practical analysis of the level and effectiveness of tax incentives in the sector in the research work show that there are a number of issues that need to be resolved in this regard. In this research work, the impact of proposals to improve tax mechanisms in the tourism sector on the development of the tourism sector was forecasted based on various scenarios in the following stages:

At the first stage, the main economic indicators of the tourism sector for 2014-2023 were formed. An econometric model was developed to analyze the interrelationships of these indicators, and on its basis, forecast indicators for 2024-2030 were calculated using the econometric analysis program "STATA". In the second stage, scenarios were developed related to the application of the proposals for improving tax mechanisms in the tourism sector presented in our research, and changes in the projected key economic indicators of the tourism sector were assessed in them.

Table 2 Dynamics of forecast values of key economic indicators of the tourism sector for 2024-2030

	2024	2025	2026	2027	2028	2029	2030
<b>Number of foreign tourists</b> ( <i>MTBXTS</i> ) (thousand people)	5778.0	6,760.3	7,605.4	8403.9	9093.0	9693.2	10294.2
<b>Export of tourism services</b> ( <i>THXEH</i> ) (million dollars)	1133.2	1354.2	1570.9	1822.2	2088.3	2359.8	2647.6
<b>Employment in the tourism sector (TSB)</b> (thousand people)	257.6	314.2	374.0	442.3	519.5	605.1	706.0
<b>Domestic supply in tourism industries</b> ( <i>TTITH</i> ) (billions of soums)	54810.6	65498.7	75978.5	88135.0	101002.7	114133.1	128057.3
<b>The added value created directly in tourism</b> ( <i>TTYaQQH</i> ) (billions of soums)	17180.9	20531.2	23816.2	27626.8	31,660.3	35776.3	40140.9
<b>Tourism's share in GDP</b> ( <i>YaIMTU</i> ) (percentage)	1.9	2.2	2.6	3.0	3.4	3.9	4.3

Based on the algorithm implemented above, analyses were carried out using the "STATA" model for each of the main indicators of the tourism sector, and their forecast indicators for 2024-2030 were calculated. (Table 5) was calculated using an econometric analysis program. When calculating the forecast, external influences and the country's foreign policy were considered unchanged.

According to it, all indicators have been moving at a steady growth rate since 2024, and the ranges of possible changes in the movement of forecast indicators in them have become different. In particular, the number of foreign tourists in 2020 was 1,504.1 thousand people, and in 2023 it was 4,697.6 thousand people, while according to the forecast results, the flow of foreign tourists to the country will increase from 5,778.0 thousand people in 2024 to 10,294.2 people in 2030. Accordingly, the export of tourism services is projected to increase from 1,133.2 million in 2024 to 2,647.6 million in 2030. The employment rate in the sector is also projected to increase due to the increase in the number of foreign tourists and the expansion of domestic tourism offers. In particular, in 2021, due to the impact of the pandemic, the number of people employed in the sector decreased to 78.1 thousand (230 thousand jobs in 2019), while in 2024, due to the expected full recovery of the tourism sector, the number of people employed in the sector is projected to be 257.6 thousand, and by 2030, this figure will reach 706.0 thousand.

According to the results of the analysis, if all the proposed measures to improve tax mechanisms for the development of the tourism sector are implemented, the tax burden on the tourism sector in 2023 will decrease from 30 percent to 18 percent. percent and the price of tourism products will also decrease accordingly. This will lead to a decrease in prices by 100%. As a result, the increase in the flow of

foreign tourists, according to the coefficient of price elasticity of demand, will be from 187.9 thousand to 375.8 thousand people. The export of tourism services will increase by at least 36.6 million dollars to 73.1 million dollars .

As noted above, the targeted and targeted application of tax mechanisms and tax incentives in the tourism sector will lead to a reduction in the tax burden of industry entities and the prices of tourism products and services. This will increase the flow of domestic and foreign tourists and increase the demand for tourist services, and based on the resulting demand, will contribute to a positive change in the main economic indicators of the tourism sector .

## CONCLUSION AND SUGGESTIONS

Tourism has the potential to provide employment, increase foreign exchange earnings, diversify the economy through a high multiplier effect, and also to recover in a short time and with fewer resources compared to other sectors of the economy in the process of overcoming natural and man-made crises . Therefore , in foreign countries, in order to bring the national tourism sector to a higher level than competing countries , active reforms have been carried out to optimize the taxation of the sector, including the introduction of tax mechanisms . As a result, 46% of developing countries have introduced new tax incentives or further strengthened existing types of taxes over the past 6 years .

The effectiveness of the tax system was assessed based on two indicators reflecting the level of implementation of the principles of taxation: efficiency and economy. Therefore, not only is the tax burden for specific tourism sectors growing, but also its high relative to non-tourism and complementary tourism industries (for example, trade) estimates show that the current taxation system for tourism entities is not optimal. We propose to use an approach based on the concept of maximum excess tax burden in the formation of a rational system of taxation of tourism entities.

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