



Ways of Using the Tax Mechanism to Encourage the Innovative Activity of Tourist Enterprises

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Abstract: Recently, due to the pandemic, the problem of creating a system of effective use of innovations in the tourism sector is becoming more urgent. Therefore, it is appropriate to provide various tax incentives to revive the activities of tourist enterprises. This article highlights the importance of the tax mechanism in the state's financial stimulation of the innovative activities of tourist enterprises.

Key words: tourism, tourist enterprise, tax mechanism, tax benefits, innovation, innovative activity, innovative product.

Introduction. In connection with the crisis events in the economy, the problem of creating an effective system of management of innovative activities in the tourism business has recently become more urgent. Various tax incentives and preferences are given for the preservation and development of tourist enterprises. In connection with the new direction of development of the innovative economy and service industry, the mechanisms should be improved accordingly [1]. Analysis of innovation incentives in developed countries through tax mechanisms shows that these are more effective ways to support science and innovation than direct subsidies, and provide a large flow of private investment in research and development. To become a leading tourist enterprise, you need to look for new innovative products. Therefore, the development of innovative products plays an important role for tourism enterprises.

Currently, tourist enterprises are facing financial difficulties in solving the issues of managing their innovative development. Tourist enterprises cannot finance their innovative development programs with credit resources. The meaning of tax optimization for any business or organization is to calculate taxes according to various accounts and then minimize the tax burden. The state supports the sustainable development of the country's economy by providing financial support to the activities of certain social groups of society, as well as by distributing and redistributing financial and other resources [2].

Literature analysis. The tax mechanism of regulation of innovative activities includes various forms, types and tools that help to increase the profitability of enterprises and increase the size of their financial resources. The concept of tax mechanism has been considered by many scientists and economists. As stated by some scientists: "the tax mechanism is a form of manifestation of tax relations, it represents the forms, types and methods of organization of tax relations used by the state to conduct tax policy [3]".

T.F. Yutkina reveals the content of the tax mechanism, which includes a wide range of relations, and writes: "The tax mechanism is the concept of a methodological and only, then a methodological order, as a result of which it is characterized by a double content [4]".

According to him, the main, conceptual interpretation of the definition of "tax mechanism" is as follows: "the tax mechanism is defined as the process of realizing the production potential of the tax system through its functions [5]".



S.R. According to Shabanova, "The tax mechanism as an integral part of the financial mechanism is a complex system of interconnected and interconnected elements designed to harmonize tax relations between the taxpayer and the state based on the convergence of tax functions, the elasticity of the tax system [6]".

In his works, N. Kucheryavenko [7] unlike T. Yutkina, emphasizes the importance of the elements of the tax mechanism and defines it with the concept of the tax system. According to him, the tax mechanism consists of a certain number of elements. It divides the elements into two groups. The first group includes the main elements of the tax, important features, without which the appropriate tax mechanism cannot be imagined: the taxpayer, the object of taxation, the tax rate. The following group of elements presents the necessary features of the tax, which reveal the specific features of a certain tax mechanism and its use, namely: tax benefits, the object of tax payments, the specifics of calculating the budget or fund, the period and periodicity of tax transfers, etc.

We can see that the understanding of the tax mechanism was given by T. Tashmurodov in our country: - "The tax mechanism is the state power that determines the economic and legal methods of regulating the growth of the country's economy, allows the population to work creatively in the field of entrepreneurship and entrepreneurship, prevents violations in the process of redistribution of national income, and establishes the principles of justice and humanity at the level of the state and society [8]".

The groups of the considered definition presented in the economic literature do not fully reveal the essence of the tax mechanism. To reveal its essence, it is necessary to consider the structure or all elements of the tax mechanism. The tax system is one of the main elements of the market economy. It is the main means of influence on the development of the state economy and determines the priority directions of economic and social development.

The increase in the number of small enterprises in the field of tourism, the increase in their efficiency is a step aimed at forming the market environment, creating conditions for economic growth and, on this basis, increasing the well-being of the population. In this regard, tax mechanisms are a very effective tool that allows to reduce tax rates, increase the amount of profit obtained by providing various types of benefits and preferences to small business entities.

Analysis and results. Tourism and innovation are, at first glance, incompatible concepts. Tourism is recreation, travel, impressions, history. Innovation is close to the topic of technology, industry, IT industry. Innovative activity in tourism is closely related to the processes of formation, introduction, promotion and after-sales service of innovative tourism products by the subjects of innovations in tourism, as well as financial support of these processes that lead to economic efficiency. In global practice, the following are the most effective and popular mechanisms of tax incentives for enterprises engaged in innovative activities:

- a system of grants to stimulate innovation with tax incentives (Canada);
- investment tax credit (USA);
- Writing off research and development costs (Austria, Australia, Great Britain, Hungary, Germany, Denmark, etc.);
- tax research credit (USA, France, Norway, Great Britain, Canada);
- tax benefits for income from foreign sources (OECD countries);
- tax benefits on the profit from the sale of shares (USA);
- Tax salary credit (Netherlands).



In addition, tax incentives can be directed to both tourism enterprises and tourists themselves, which will encourage them to buy more local tourism products. One of the most vulnerable segments of the tourism market are tourist enterprises, which, in our opinion, need special attention in the conditions observed in recent years. A tour operator and a tourist agency are complementary subjects of the market of tourist services, while the activities of the tour operator cannot be carried out in interaction with the tour operator, and not vice versa. In order to support enterprises operating in the field of domestic tourism, in our opinion, it is appropriate to set requirements for their share in the total amount of income from domestic tourism.

The system of the tax mechanism is aimed at maintaining and strengthening the balance between tax regulation and fiscal functions, and at the same time, it manifests itself in the form of special tax regimes, changes in tax payment terms, and finally, in the form of tax incentives, which are one of the most relevant and effective measures to stimulate innovation. It should be noted that the whole set of tax benefits should be considered as an element of the integrated system of tax regulation, and it includes various forms, means and types that encourage economic entities to increase their profits and increase the size of their financial resources.

Incentive through taxes is a method of influencing the taxpayer by applying legal norms to encourage them to take legal action both in the tax field and in other areas of society [9]. We can see the incentive instruments through taxes in Figure 1.

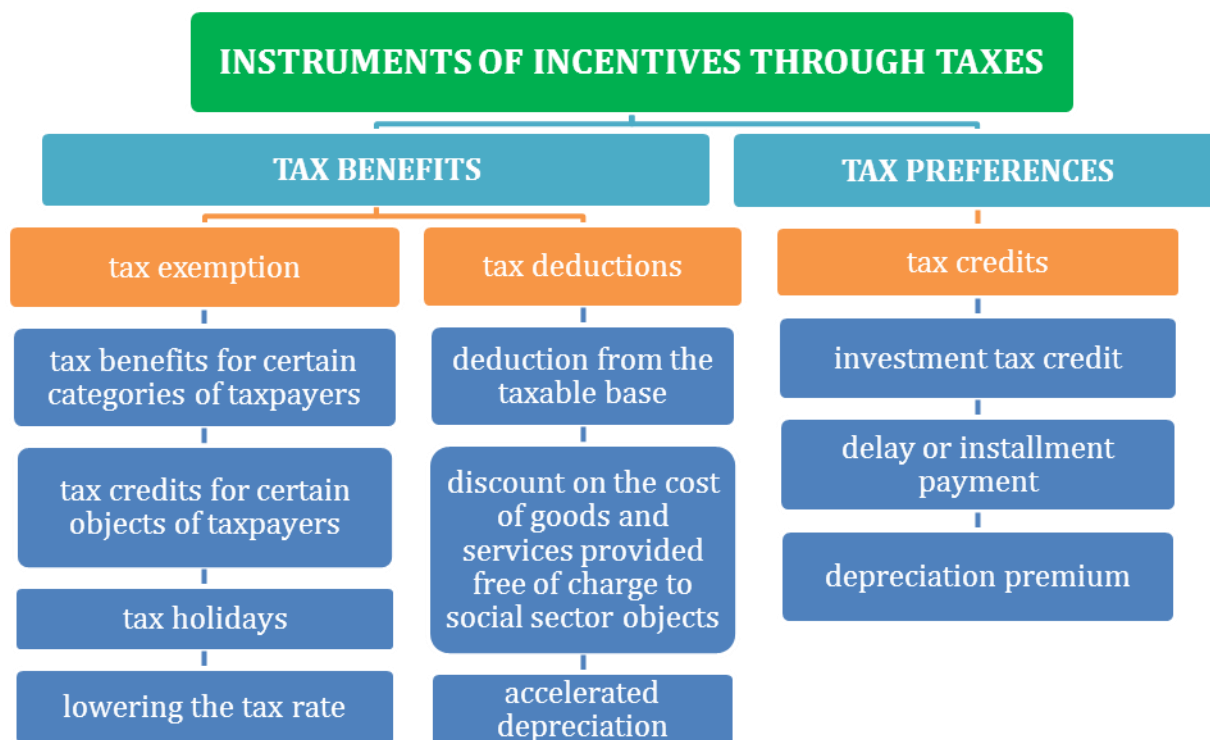


Figure 1. Incentive instruments through taxes¹

Also, the effectiveness of measures to support innovative activities through taxes determines the importance of following the following principles of tax incentives, namely: the principle of targeting, the principle of determining the growth point, the principle of relevance of granting tax incentives, the principle of evaluating the effectiveness of tax incentives. The fact is that after starting to release new products with the status of a proven innovation, these products will have the status of an innovative product for some time until another innovation appears.

¹ Author development



The foreign practice of using tax credits for innovation allows us to conclude that most countries are trying to create a balanced complement of tax credits and direct financing of innovations. A characteristic feature of all foreign countries is additional support for rapidly developing young innovative small enterprises. It should be noted that tourism infrastructure is not limited to tourism enterprises, it includes all service enterprises. In this regard, the main task of the state is to create an optimal taxation system. Currently, the taxation of tourist enterprises in Uzbekistan provides for the payment of taxes under the general taxation system and in the application of special tax regimes. Tourism enterprises pay certain types of taxes depending on the applicable tax system, and the following types of taxes apply (Table 1).

Table 1 Types and rates of taxes paid by tourism enterprises

Taxation system	Tax type	Tax rate, %
General taxpayer	VAT	15
	Profit tax	15
	Income tax of individuals	12
	Social tax	12
	Property tax	2
	Land tax	Depending on the location
A turnover tax payer	Turnover tax *	4
	Income tax of individuals	12
	Social tax	12
	Property tax	2
	Land tax	Depending on the location

* According to Article 464 of the Tax Code

Currently, the activities of various enterprises in the field of tourism are regulated by tax, and it is considered by the state as a priority direction of regulation of the service sector. However, there is no system of tax regulation of the service sector in tourism, as in the most promising and profitable type of activity.

In addition, the state has provided additional tax incentives to enterprises in order to support tourism and related industries, which have been most affected by the pandemic² (Table 2).

Table 2

№	Taxes and Fees	Tax benefits	Validity period
1	Property tax	Tour operators, travel agents and entities providing hotel services (accommodation services) in the field of tourism are exempted from payment 04.03.2020. PD No. 5978, p. 4.	From April 1 to December 31, 2020
2	Land tax	Tour operators, travel agents and entities providing hotel services (accommodation services) in the field of tourism are exempt from payment. 04.03.2020. PD No. 5978, p. 4.	From April 1 to December 31, 2020
3	Social tax	The social tax rate for tour operators, travel agents and entities providing hotel services (accommodation services) in the field of tourism will be reduced from 12% to 1%. 04.03.2020. PD No. 5978, p. 4.	From April 1 to December 31, 2020
4	Turnover	When a loan (repayable financial aid) is provided to the lender	Until the end of

² https://buxgalter.uz/publish/doc/text160605_pf-6002-son_farmonni_hisobga_olgan_holda_turizm_uchun_soliq_imtiezlari



	tax	without the obligation to pay income in the form of interest, the income determined on the basis of the refinancing rate is not taxable. 04.03.2020. PD No. 5978, p. 4.	2020
5	Profit tax	For tour operators, travel agents, as well as accommodation facilities: фойда солиғи ставкаси белгиланган ставкага нисбатан 50%га камайтирилади; 2020 ва 2021 йил якунлари бўйича зарарларни СКда назарда тутилган миқдор билан чекламаган тарзда ўтказиш ҳуқуқи берилади 28.05.2020. PD No. 6002, p. 2.	From June 1 to December 31, 2020
6	VAT	The benefits stipulated in the decisions of the President and the Cabinet of Ministers are applied without the conditions of directing the funds exempted from taxation to specific purposes 04.03.2020. PD No.5978. 15 p.	From April 1, 2020
7	Tourist tax	Calculation and payment will be suspended on 05.28.2020. PD-6002 No. 2 p.	Until January 1, 2021

At first glance, tax incentives may give additional impetus to tourism enterprises, but there will also be cases where the saved funds will be directed to consumption rather than to investments or innovations, and to imported products rather than local goods. As a result, this increases inflation, while the level of the tourism industry remains at the same level. Therefore, as a result of lowering tax rates and giving tax incentives to enterprises in the field of tourism in Uzbekistan, the prices of tourist products should decrease. Taking into account that the price is the most important factor of the competitiveness of the tourist enterprise, as a result of the modernization of the tax system, their competitiveness will increase, and as a result, the tourism market will develop in Uzbekistan. In recent years, comparative data on the number of tourist enterprises in Uzbekistan, the number of tourists visiting the country, the value of sold tourist tickets and other information are presented in Table 3.

Table 3 the dynamics of the main indicators of tourist enterprises in Uzbekistan ³

№	Indicators	2016 year	2017 year	2018 year	2019 year
1	GDP, billion soums	242 495,5	302 536,8	406 648,5	511 838,1
2	Share of tourism in GDP, in %	2,1	2,5	2,5	2,7
3	Export of tourism services, USD.	462 billion	547 billion	1,04 billion	1,3 billion
4	Number of tourist enterprises and organizations, unit	433	449	502	517
5	Number of hotels and similar accommodation facilities, unit	750	816	916	1051
6	Number of tourists, people	2 027 035	2 690 074	5 346 219	6 748 512
7	Value of sold tourist passes, million soums	100 906,1	151 309,0	252 969,2	787 385,6

The table shows that the increase in the number of tourists affected the increase in the share of tourism in the GDP. In particular, from 2016 to 2019, the number of tourist enterprises increased by 19.4 times, the number of tourists by 232.9 times, and the value of tourist tickets sold by 680.3 times. The database of tax revenues to the state budget of the tourism sector, which is a segment of

³ Tourism in Uzbekistan. Statistical collection. 2020



the economy that operates as a priority direction of the state economic policy, has not been sufficiently studied.

Conclusion. Thus, a distinctive feature of the development of innovative activities in tourist enterprises from classic tourism activities is the creation of a new tourist product or the improvement of existing tourist products, transport, hotel and other services, the development of new markets, the improvement of the introduction of modern information and telecommunication technologies and modern forms of organizational and management activities. Also, the use of tax mechanisms in support of their activities should be based on a thorough analysis of possible consequences and expected benefits in terms of sufficient efficiency.

The tax mechanism in the innovative activities of tourist enterprises described above indicates the existence of tools used by foreign countries to accelerate economic, scientific and technical development. Support through taxes is one of the most important means of increasing the competitiveness of small businesses in the field of tourism, and giving tax incentives to enterprises working in the field of tourism leads to an increase in their competitiveness and the development of the tourism market of Uzbekistan.

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