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FOREIGN COUNTRIES' EXPERIENCE IN TAXATION OF SMALL AND MEDIUM BUSINESS ACTIVITY

Abstract. This article examines the current state of regulation of small and medium-sized businesses through tax instruments and the mechanism of taxing their activities in selected foreign countries. The relevance of the research topic stems from the fact that one of the most important issues within the BRICS cooperation framework is the question of measures to support small and medium-sized business entities as one of the principal drivers of economic growth in the member states of the intergovernmental association. The study aims to review and analyse the tax incentives applied in BRICS member states to reduce the tax burden on small and medium-sized businesses. To this end, the research carries out an analysis of special tax regimes and individual tax incentives for small business in China, India, Brazil, South Africa, Egypt, and the United Arab Emirates. In particular, the study analyses whether or not a special tax regime exists in each country, and examines the criteria established for applying tax incentives and their thresholds, the taxable bases, and the tax incentives and tax rates granted to taxpayers. The study also conducts a general comparison of tax incentives for small and medium-sized business entities in these countries, on the basis of which similarities and differences in special tax regimes and individual tax incentives are identified. From the standpoint of the tax policy implemented towards them, those countries offering the most favourable conditions for the development of small and medium-sized businesses are determined.

Keywords: international tax relations, taxation regimes, BRICS countries, small and medium-sized business entities, small enterprises, tax incentives, special tax regimes.

Introduction. BRICS (originally BRIC) is the structure of the world's largest highly developing economies. The formation of this organisation comprises several important stages. BRICS (an acronym formed from the initial letters of Brazil, Russia, India, China, and South Africa) is an intergovernmental association — a union uniting Brazil, Russia, India, China, South Africa, the UAE, Saudi Arabia, Iran, Egypt, and Ethiopia. The organisation (Commonwealth of States) was established in June 2006 (as BRIC) within the framework of the St. Petersburg Economic Forum, with the participation of the ministers of economy of Brazil, Russia, India, and China. By 2010, the Republic of South Africa was invited to join the group. Subsequently, the organisation was renamed BRICS, and in 2011 South Africa participated for the first time as a full member at the summit. On 1 January 2024, Saudi Arabia, Egypt, Iran, the UAE, and Ethiopia became full members of the BRICS organisation. BRICS members are characterised as large countries with rapidly developing economies. The development, positive stability, strength, and abundance of resources of these economies for the world economy can be observed in the following: Brazil ranks 7th in the world in the global economy in terms of gross domestic product (GDP) parity and is rich in agricultural products; Russia is rich in mineral resources in the world economy and ranks 5th–6th in terms of GDP, has the largest territory, and is one of the world's two major nuclear powers; India ranks 3rd in the world in the global economy in terms of GDP parity and has a population of more than one billion. It possesses intellectual resources, with its population divided into two strata — the rich and the poor; China ranks 1st in the global economy in terms of GDP and economic development, and is at the same time the world's leading exporter (the "world's factory"), holds the largest currency reserves in the world, and has the world's largest population and largest nuclear-electric power capacity; South Africa ranks 25th–29th in the global

economy in terms of GDP parity and economy, with natural resources being its main strength. The BRICS member states' central bank: a rescue fund of USD 100 billion has been established, the purpose of which is to protect BRICS countries from fluctuations in the currency markets.

On 6 July 2025, the 17th high-level BRICS summit took place in Rio de Janeiro, Brazil. There, the leaders of the BRICS countries accepted Indonesia as a new member of the group. In addition, ten more countries were recognised as partner states of the organisation. "We accept the Republic of Indonesia as a member of BRICS, as well as the Republic of Belarus, the Plurinational State of Bolivia, the Republic of Kazakhstan, the Republic of Cuba, the Federal Republic of Nigeria, Malaysia, the Kingdom of Thailand, the Socialist Republic of Vietnam, the Republic of Uganda, and the Republic of Uzbekistan as partner states of BRICS," the joint declaration of the 17th BRICS summit states. According to the Ministry of Foreign Affairs, cooperation with BRICS is regarded as one of the pragmatic and balanced directions of Uzbekistan's foreign policy.

One of the most important issues within the BRICS cooperation framework is the question of measures to support small and medium-sized businesses as one of the main drivers of economic growth in the member states of the intergovernmental association, since the turnover of small and medium-sized businesses constitutes a significant share of the GDP of these countries (for example, 63% in China and 45% in India). In addition, tax incentives are the principal support measures provided by governments for small and medium-sized businesses.

Therefore, the main objective of this study is to examine and analyse tax incentives for small and medium-sized businesses in selected BRICS member states — namely China, India, Brazil, South Africa, Egypt, and the UAE. To achieve this objective, the following tasks are addressed:

1. Analysing special tax regimes and individual tax incentives for small business.
2. Disclosing the criteria established for applying tax incentives and their threshold values.
3. Reviewing the taxable bases and tax rates under the established tax incentives.
4. Comparing tax incentives for small and medium-sized business entities in BRICS countries in a generalised manner, and identifying similarities and differences in special tax regimes and individual tax incentives for small and medium-sized business entities.
5. Identifying countries with the most favourable conditions for the development of small and medium-sized entrepreneurship from the standpoint of the implementation of tax policy.

Materials and methods. To achieve the objectives of this study, we analysed a number of scientific sources devoted to reviewing and analysing tax incentives for small and medium-sized businesses in various BRICS countries. Among them are the articles by A.V. Kopyev [2], R.S. Blizky [3], A.A. Ignatov [4], M.P. Molchanova [5] and others. In addition, the study used actual data publicly available on Russian and international specialised websites concerning the system of taxation of small and medium-sized businesses in various BRICS countries.

Results. In the course of the study, we examine the issue of taxation of small and medium-sized business entities in the member states of the organisation. In China, unlike many BRICS countries, there are no special tax regimes for small and medium-sized businesses. Instead, preferential conditions are applied to three taxes: corporate profit tax, personal income tax, and value-added tax (VAT). A brief description of these incentives is presented in Table 1.

It should be specifically noted that companies operating in China are classified as small business entities based on the following criteria. These are:

- annual income does not exceed 3 million yuan in the current period;
- the limited number of employees does not exceed 300;
- total asset value is required not to exceed 50 million yuan per year [6].

Table 1

Tax incentives for small and medium-sized business in China

№	Tax with preferential conditions granted	Type and criteria of the enterprise	Application criterion	Preferential tax rate, %
1.	Profit tax	Small enterprises	Annual income does not exceed 3 million yuan per month	5
2.	Value-added tax	Small enterprises	Annual income does not exceed 100 thousand yuan per month	0
			Annual income does not exceed 3 million yuan per year	3
3.	Special income tax	Sole proprietors and partnerships	Only the organisational and legal form is of significance	Progressive rate depends on income: 5% up to 30,000 yuan; 10% up to 90,000 yuan; 20% up to 300,000 yuan; 30% up to 500,000 yuan; 35% above 500,000 yuan

In addition, the criterion for the preferential tax rate (apart from income tax) is the annual income of the small enterprise.

In China, for ordinary taxpayers — that is, those whose annual income exceeds 3 million yuan — the corporate profit tax rate is 25%. However, for small enterprises an effective rate of 5% is established, which is calculated as follows: 20% of 25% of the obtained income, as established in Chinese tax legislation.

In China, the VAT exemption for small enterprises has two tiers depending on monthly income. If monthly income does not exceed 100,000 yuan, then such a small enterprise is fully exempted from VAT; for other small enterprises, the VAT rate is 3%. There is also a list of certain goods on which VAT is not paid regardless of the income threshold — for example, agricultural products produced by the enterprise itself. The deadline for calculating and paying this tax may be a few days, for example 10 days, or one month, or up to a quarter [7].

Special income tax (unlike corporate profit tax and VAT) is applied without any income threshold or other financial criteria. Its application is based solely on the legal form of the small enterprise — i.e., the organisation must exist as a sole proprietorship or a partnership.

In China, the special income tax for sole proprietors and partnerships was introduced in 2000 in place of the corporate profit tax. Therefore, to calculate the special income tax, the tax base is the net income of the taxable subject, calculated by deducting any deductions, if available. This tax has a progressive rate, i.e. the higher the income, the higher the tax rate: the minimum rate is 5% for income above 30,000 yuan, and the maximum rate is 35% for income above 500,000 yuan. This tax is calculated and paid monthly. Any unpaid or overpaid amount is shown in the final annual declaration; this sum is either refunded to the taxpayer or carried over to the following

year. By paying special income tax, sole proprietors and partnerships are not subject to corporate profit tax or VAT.

In India, we likewise approach the issues of regulating the taxation of small and medium-sized business entities as a separate research direction. In India, three special tax regimes exist for small and medium-sized business entities. Although this is essentially a uniform system of progressive rates on the taxable base of small enterprises, the difference between the tax regimes is that the tax base constitutes a certain percentage of gross income (or gross income less operating costs) depending on the group of enterprises, and enterprises are divided into three groups according to the following indicators:

- the legal form of the enterprise;
- the type of activity of the enterprise;
- the threshold of a small enterprise according to the legislation.

Under Indian legislation, three groups of enterprises exist; a brief description of their tax regimes is presented in Table 2.

Table 2

Special tax regimes for small and medium-sized business in India

Tax regime	Type and criteria of the enterprise	Required criteria	Taxable base	Preferential tax rate
44AD group system	Small enterprises of all types. Sole proprietors	Annual income must not exceed 20 million rupees	8% of gross income	Single tax on gross income: 0–55% depending on the amount of annual income
44ADA group system	Sole proprietors and partnerships engaged in a defined list of activity types	Annual income must not exceed 5 million rupees	50% of the difference between gross income and main expenses	
44AE group system	Small businesses and sole proprietors in the freight transport sector	Up to 10 transport units. Total income: a fixed income for a transport unit of a certain tonnage and a fixed income for each additional tonne of each vehicle	8% of gross income	

If we analyse the data in the above table, all small business entities of all types and any types of sole proprietors with annual income of up to 20 million rupees are entitled to use the 44AD tax system. Under the 44AD tax system, the tax base is 8% of the enterprise's gross income, and the tax rate is 0–30% depending on annual income up to 5 million rupees. For income above 5 million rupees, an additional 10% is added, and for income above 10 million rupees, an additional 15% is added. Furthermore, enterprises must annually confirm their income in order to retain their small and medium-sized business status; otherwise, they are automatically transferred to the general tax system for the following tax year.

In this regard, the rate variation depending on the income level is presented in Table 3.

Table 3

Progressive tax rates for small and medium-sized business entities in India

Income range	Rate
Up to 250 thousand rupees	0%
250–500 thousand rupees	5%
500–750 thousand rupees	10%
750–1,000 thousand rupees	15%
1,000–1,250 thousand rupees	20%
1,250–1,500 thousand rupees	25%
Above 1,500 thousand rupees	30%
Additional tax on income above 5 million rupees	
5,000–10,000 thousand rupees	10%
10,000–20,000 thousand rupees	15%

If we examine the data in Table 3, the 44ADA group includes sole proprietors and partnerships whose annual income does not exceed 5 million rupees. These businesses are engaged in interior design, medicine, architecture, and other defined types of activity [8]. Under the 44AE tax system, the tax base is 50% of the difference between gross income and main production costs. This tax base was selected for this group of small enterprises because the costs for the activities listed in section 44ADA are assumed to be not high. The tax base is then taxed at a rate of 0–30%. The rate progression is the same as in the previous 44AD tax system. However, since the annual income threshold for this business group is 5 million rupees, additional tax percentages cannot be levied above this amount. Accordingly, the maximum tax rate is 30%.

The 44AE group includes small enterprises in the freight transport sector (i.e., those engaged in freight transport) with no more than 10 transport units. Under the 44AE tax system, the tax base is still considered to be gross income, but there is no threshold. The tax base is calculated based on the standards established in Indian tax legislation, which are based on imputed income:

- one transport vehicle of up to 12 tonnes — monthly income of 7,500 rupees;
- if the vehicle is heavier, then for each additional tonne — 1,000 rupees per month for the vehicle.

For example, if a business has two vehicles meeting the standard and two vehicles each exceeding the standard by two tonnes, then the total annual income would be:

$$(4 \times 7,500 + 2 \times 2 \times 1,000) \times 12 = 408,000 \text{ rupees.}$$

This will be the taxable base, and then the principle of calculating tax under the 44AE group system corresponds to the 44AD group system: 8% of the enterprise's gross income, taxed at a rate of 0–30% depending on the amount up to annual income of 5 million rupees; for income above 5 million rupees, an additional 10% is added, and for income above 10 million rupees, an additional 15%.

In the course of the research, we consider the issue of regulation of the taxation of small and medium-sized business entities in Brazil. Brazil has introduced a national simplified regime for small enterprises, a brief description of which is presented in Table 4.

Table 4

Special tax regime for small and medium-sized business in Brazil

Special tax regime	Type and criteria of the enterprise	Required criteria	Preferential tax rate
National simplified regime	Small enterprises of all types	Annual income does not exceed 4.8 million Brazilian reais	Progressive rate from 4% to 33% of gross income depending on the type of activity

This national simplified regime in Brazil was specifically introduced for small enterprises in order to reduce bureaucratic barriers and lower their costs. Therefore, the national simplified regime consolidated the following Brazilian taxes and payments:

- income tax;
- industrial goods tax;
- social security contribution on net profit;
- social security contribution;
- company social security contribution;
- tax on the circulation of goods;
- service tax [9].

Now, instead of all these taxes, small enterprises in Brazil pay only one tax envisaged by the national simplified regime. Furthermore, Brazil has a much broader list of taxes for business in general compared to Russia, and some of the names of taxes are not encountered in many other countries. Therefore, the previous tax burden on small and medium-sized business entities was indeed very high. The national simplified tax regime is available for all small enterprises with annual income of up to 4.8 million Brazilian reais (regardless of their legal form or type of activity) (the general threshold for a small enterprise in Brazil) [10]. However, the tax rate is progressive (rising as income grows) and depends on the type of business activity.

The rate variation depending on annual income is presented in Table 5.

Table 5

Growth of the single tax rate for small and medium-sized business entities in Brazil

Type of activity	Annual income, thousand Brazilian reais					
	Up to 180	180–360	360–720	720–1,800	1,800–3,600	3,600–4,800
Trade	4.0%	7.3%	9.5%	10.7%	14.3%	19.0%
Industrial production	4.5%	7.8%	10.0%	11.2%	14.7%	30.0%
Repair, technical maintenance, tourism and other services	6.0%	11.2%	13.5%	16.0%	21.0%	33.0%
Security, construction, legal services	4.5%	9.0%	10.2%	14.0%	22.0%	33.0%
Audit, journalism, advertising	15.5%	18.0%	19.5%	20.5%	23.0%	30.5%

As shown in Table 5, the single tax rate in Brazil for small and medium-sized business entities of various activity types and income levels ranges from 4% to 33%. While differentiation by income is clear and typical for a progressive rate, differentiation by type of activity is established by Brazilian tax legislation on the basis of industry-specific income statistics.

It should be specifically noted that Brazil offers a single digital platform for paying the single tax under the simplified national regime for small enterprises, through which the tax is paid

online every month. Compared to the taxation of small and medium-sized business entities previously discussed in China and India, this is the simplest and most universal special tax regime for small enterprises.

We turn now to consider the regulation and stimulation of the activity of small and medium-sized business entities through tax instruments in South Africa, another BRICS member. In South Africa, a special tax regime — the turnover tax system — is applied to small enterprises. However, only a small enterprise with a certain annual turnover may use this regime. A brief description of the tax incentives for small enterprises in South Africa is presented in Table 6.

Table 6**Tax incentives for small and medium-sized business in South Africa**

№	Special tax regime and tax incentives	Type and criteria of the enterprise	Required criteria	Preferential tax rate
1.	Single turnover tax system	Small enterprises of all types	Annual income must not exceed 1 million rand	Progressive turnover tax rate: from 0% to 3% of the established limit, with a fixed component of the tax added
2.	Reduced income tax	Small enterprises	Annual income above 1 million rand and not exceeding 20 million rand	12.5% of the profit tax

In South Africa, only small enterprises with annual turnover of 1 million rand or less are entitled to apply the turnover tax system. This tax replaces the following taxes from the general tax system:

- profit tax;
- VAT;
- capital gains tax [11].

The single turnover tax for small enterprises in South Africa is applied regardless of their legal form or type of activity. As discussed above, the sole criterion is the annual turnover threshold. The tax rate is progressive, but it includes not only a percentage but also a fixed tax amount. The growth stages are examined in Table 7.

Table 7**Progression of the single turnover tax rate in South Africa**

Income range	Percentage rate
Up to 335 thousand rand	0% (exempt from payment)
335–500 thousand rand	1% of the amount exceeding 335,000 rand
500–750 thousand rand	1,650 rand + 2% of the amount exceeding 500,000 rand
750–1,000 thousand rand	6,650 rand + 3% of the amount exceeding 750,000 rand

The progression of the single turnover tax in South Africa differs from all similar single taxes for small and medium-sized business entities in the other BRICS countries discussed above. Each subsequent stage of the small enterprise's income is taxed as a percentage of the amount exceeding the threshold of the previous stage. Furthermore, starting from 500,000 rand, a fixed tax amount is added to this percentage: for 500,000–750,000 rand the fixed component is 1,650 rand; for 750,000–1,000,000 rand the fixed component is 6,650 rand.

If the annual turnover of a small enterprise exceeds 1 million rand, all taxes applicable to businesses under the general tax system are applied, and the only tax incentive is the reduction of corporate profit tax to 12.5% (the general rate is 30%). The limit for this incentive is annual turnover of 20 million rand. This is the threshold for classifying a business entity as a small enterprise in South Africa.

It should be noted that small enterprises do not have the possibility of paying the single VAT electronically. There is no such digital platform in the country; payment requires a personal visit to the South African tax authority.

Compared to all the tax incentives for small and medium-sized businesses in the other BRICS countries mentioned above, South Africa offers the smallest package of tax incentives.

In Egypt, classical and contemporary principles of taxation are used in taxing small and medium-sized business entities. Egypt applies a single VAT to all small enterprises regardless of their legal form or industry.

A brief description of this special tax regime is presented in Table 8.

Table 8

Tax regime for small and medium-sized business in Egypt

Special tax regime	Type and criteria of the enterprise	Required criteria	Preferential tax rate
Single tax on turnover	Small enterprises of all types	Annual income does not exceed 10 million Egyptian pounds	Progressive tax rate on annual goods turnover: 0% — for turnover up to 1 million Egyptian pounds; 0.5% — for turnover from 1 to 2 million Egyptian pounds; 0.75% — for turnover from 2 to 3 million Egyptian pounds; 1% — for turnover from 3 to 10 million Egyptian pounds

In Egypt, a special tax regime was introduced for small and medium-sized business entities with the aim of significantly simplifying their taxation and reducing their tax burden. This regime applies to all small enterprises in the country, with the criterion being annual turnover, as in most countries. In Egypt, the threshold is 10 million Egyptian pounds. In Egypt, the single turnover tax has a traditionally progressive rate: no tax is paid up to 1 million Egyptian pounds, after which the tax rate increases, with a maximum tax of 1% for turnover of 3–10 million Egyptian pounds. This tax replaces corporate profit tax and VAT. By way of comparison, under the general taxation system, corporate profit tax in Egypt is 22.5% and VAT is 14%. Among all the special tax regimes and incentives mentioned above, the single turnover tax in Egypt is the lowest, which significantly reduces the tax burden on Egyptian small enterprises.

We focus the perspective of our research on the mechanism of taxes paid by small and medium-sized business entities operating in the United Arab Emirates (UAE). Since 2023, the UAE has introduced a single corporate tax for small enterprises, calculated and paid on the basis of company turnover. The features of this tax regime are presented in Table 9.

Table 9

Tax incentives for small and medium-sized business entities in the UAE

Tax granted on preferential conditions	Type and criteria of the enterprise	Required criteria	Preferential tax rate
Single corporate tax for small enterprises	Small enterprises of all types	Annual income does not exceed 3 million dirhams	0%

The criterion for classifying a small business in the UAE is that its annual turnover must not exceed 3 million UAE dirhams. In this case, the single corporate tax for the small enterprise is 0%. Accordingly, such enterprises are fully exempt from income tax and VAT. It should be noted that the UAE is recognised globally as having one of the most lenient tax systems for enterprises of all sizes. By way of comparison, the tax rates under the general tax regime are as follows:

corporate profit tax — 9%;

VAT — 5% (no VAT is paid on supplies up to 375,000 UAE dirhams);

income tax — 0%;

capital gains tax — 0%.

As a result, small enterprises with annual income of up to 3 million UAE dirhams pay neither income tax nor capital gains tax. There is no personal income tax in the UAE. Therefore, sole proprietors are exempt from this tax, and all organisations are not tax agents for the income tax of their employees [12].

Of the six countries, the UAE offers the highest tax incentives for small and medium-sized business entities, effectively granting them complete exemption from the tax burden. Consequently, the UAE offers the most favourable conditions for small enterprises.

We continue our research on this topic with a comparative analysis of the taxation mechanisms for small and medium-sized business entities in China, India, Brazil, South Africa, Egypt, and the UAE.

We have provided detailed analytical data above on the procedure for taxing the activities of small and medium-sized business entities in China, India, Brazil, South Africa, Egypt, and the UAE — all members of the organisation — and on the mechanisms of tax incentives. To summarise and clarify the results of the analyses carried out in this study on the taxation of small and medium-sized business entities in the BRICS countries considered, we present the analytical data in Table 10.

Table 10

General comparison of taxation of small and medium-sized business in selected BRICS countries

Countries	Special tax regime / Preferential tax regime	Tax rate (percent)
China	Preferential conditions on profit tax, VAT, and special income tax for sole proprietors and partnerships	Profit tax — 5%; Special income tax for sole proprietors and partnerships — 5–35%; VAT — 0–3%
India	Special tax regimes for three groups of small enterprises depending on type of business, types of activity, and threshold criteria established for classification as a small enterprise	Single tax on gross income: 0–55% depending on the amount of annual income and the object of taxation
Brazil	Single national simplified regime for small enterprises in all types and all groups of activity	Progressive tax rate from 4% to 33% of gross income depending on the type of activity
South Africa	Turnover tax system for small enterprises with annual income up to 1 million rand. Reduced corporate profit tax rate for all other small enterprises	Progressive turnover tax rate: from 0% to 3% of the established limit, with an additional fixed tax component. The reduced corporate income tax rate for other small businesses is 12.5%.
Egypt	Special tax regime — single turnover tax	Progressive turnover tax rate: from 0% to 1%
UAE	Special tax regime — single corporate tax for small enterprises	0% — exemption from payment

The summary table shows that special tax regimes are applied to SME entities in India, Brazil, South Africa, Egypt, and the UAE.

The data in the above table indicate that special tax regimes are applied for the taxation of small and medium-sized business entities. China, on the other hand, uses a system of separate tax incentives for the main taxes: corporate profit tax, VAT, and special income tax for sole proprietors and partnership entities. The Republic of South Africa, in addition to the single turnover tax for small enterprises with annual income of 1 million rand, applies only one tax incentive — corporate profit tax. Comparing all the preferential tax conditions in the BRICS countries we analysed, it is undoubtedly concluded that the UAE has the most favourable position for small and medium-sized business entities.

It should also be borne in mind that the single tax on gross income or turnover replaces corporate profit tax, VAT, and other taxes related to turnover. Therefore, small enterprises in BRICS countries also pay property tax, and along with property tax they are also payers of transport tax and land tax. In other words, single taxes on gross income or turnover only replace taxes related to profit and sales tax (in particular, VAT). For other taxes, in most cases the same requirements apply as under the general tax regime.

Conclusion. In BRICS countries, governments pay great attention to measures to support small and medium-sized businesses. This is primarily due to the fact that small businesses constitute a significant share of GDP and therefore play an important role in their economies. For this reason, they develop and implement various support measures. These can be divided into two types: financial and administrative incentives. Financial incentives constitute the largest group of support measures, the principal of which are special tax regimes and special tax incentives for small and medium-sized businesses. This is critically important for creating a more favourable economic environment for the development of small and medium-sized businesses by reducing the tax burden and tax expenses.

The analyses show that the approaches to taxing the activities of small and medium-sized business entities differ significantly across the countries studied. In China, although there is no separate special tax regime, significant tax incentives are provided for profit tax, VAT, and income tax. In India, three types of special tax regimes have been introduced for small and medium-sized business entities, applied differentially according to the type of activity and the volume of income. In Brazil, several taxes are consolidated into a single payment through the "single simplified regime", which reduces the administrative burden on small business. In South Africa, a single tax on turnover applies, but the scope of incentives in it is relatively limited. In Egypt, there is also a single turnover tax with very low rates (0–1%), which significantly reduces the tax burden. The most favourable conditions are observed in the UAE, where a single corporate tax with a 0% rate has been introduced for small business, in effect granting almost complete exemption from tax as a form of incentive.

Based on the overall results obtained, financial incentives (especially through tax mechanisms) play the principal role in supporting the activities of small and medium-sized business entities in BRICS countries. The aim is to create a favourable environment by reducing the tax burden, simplifying calculations, and lowering the costs of doing business through special tax regimes. At the same time, the level and effectiveness of the mechanisms applied differ between countries: the most liberal tax policy is observed in the UAE, while the most complex and differentiated system is observed in India. The analyses, while reaffirming once again that tax policy is an important instrument in developing the activities of small and medium-sized business entities, have shown that on the basis of the experience of BRICS countries, simplified and low-rate tax regimes stand out as the most effective approaches. Considered from the perspective of Uzbekistan's national economy, the experience of BRICS countries in taxing the activities of small and medium-sized business entities is of important practical significance. In recent years, the development of the activities of entrepreneurial entities has become one of the priority directions of state policy in Uzbekistan as well, and their share in GDP and role in providing employment are increasing. In this respect, the experience of BRICS countries — especially approaches aimed

at reducing the tax burden and simplifying tax administration — is relevant for the national tax system. The analyses show that the application of very low or zero tax rates for small and medium-sized business entities in some countries (for example, in the UAE and Egypt) creates favourable conditions for the development of their entrepreneurial activity. Although a special tax regime for small business entities is also applied in Uzbekistan and the turnover tax mechanism is used in practice, international experience indicates the need for further improvement, especially in minimising the tax burden for start-ups and small businesses in their initial period.

Furthermore, consolidating several taxes into a single payment, as in Brazil's experience, or applying a differentiated approach according to the type of activity, as in India, may increase the flexibility of the tax system in Uzbekistan. At the same time, the implementation of tax payments through digital platforms (Brazil's experience) confirms the need to further develop the electronic tax systems already being introduced in Uzbekistan.

Overall, we wish to put forward the following main conclusions for Uzbekistan: first, tax incentives are of decisive importance in the development of small and medium-sized businesses; second, the simplicity and transparency of the tax system improves the business environment; third, a differentiated and flexible tax policy makes it possible to support various sectors of the economy.

In conclusion, the experience of BRICS countries demonstrates the necessity of improving effective tax mechanisms for the further development of small and medium-sized businesses in Uzbekistan. In particular, by optimising the tax burden, applying incentives in a targeted manner, and digitalising tax administration, the entrepreneurial environment in the country can be further improved.

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