

The Role of State and International Organizations in Supporting the Population and Entrepreneurs in the Conditions of the Pandemy

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Abstract

This article discusses the issues of tax support for the population and business entities in the context of pandemics, support for the economy of our country by international financial institutions.

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Introduction

Today, as a result of the spread of coronavirus infection on a global scale, there is no state left that did not defeat. It made impossible to predict the size of its losses. Each state created the necessity to reconsider its capabilities so that it can fulfill its set goals and objectives with causing disruption of production chains and trade relations, a decline in the price of raw materials in the world financial market.

The most pressing problem of today is to survive fast and with low losses from the crisis of the coronavirus. The World Bank and other international financial institutions as a major contributor force in our country in such a crisis period have greatly been helping mitigate and address the negative impact of the pandemic on our economy.

Through the decree of the president of the Republic of Uzbekistan № PF-5996, PF-6029, adopted in the months may-July in 2020, during the coronavirus pandemic period, it was determined to promote economic growth and investment activity, to restore production entities, to increase employment of the population and their income, to support business entities, to continue the policy of reducing the tax rates, especially to support business entities in the sphere of trade and services, to provide their income, to restore business companies, as well as to preserve workplaces depending on the improvement of the sanitary and epidemiological situation.[2]

Literature Review

It should be noted that in the background of the fight against the economic crises that have arisen in the result of the pandemic today, the results of a large number of scientific studies are being published that are based on the analysis of the socio-economic consequences of the crisis on the world economy, including the national economy of countries. A number of scientific studies have been carried out on the social problem and its economic consequences, which began in China from the beginning of the last 2020 year, then began to spread to nearly all countries of the world and reached the level of the coronavirus pandemic. In particular, in these scientific articles entitled "Another global economic crisis is knocking at the door" [3] by professor A.Bekmurodov, "Independent Uzbekistan is registering its population for the first time" [4] by professor B.Begalov, "Why is the role of in international ratings of Uzbekistan necessary" [5] by professor N.Jumayev, "World-ravaged virus" [6] by professor N.K.Arimov, "How to eliminate the consequences of the pandemic" [7] by the economist A.Umirov, "Tax benefits in the tax system of Uzbekistan in the conditions of pandemics and their impact on the budget" [8] by S.Xudoykulov and U.Jumayev, scientific analyzes and conclusions on mitigation of the pandemic and its negative impact on the world and national economy, as well as its subsequent socio-economic consequences are given.

Research methodology

Scientific abstraction, analysis, monographic observation and dialectical methods were used in our research.

Analysis and results

According to the date of the World Health Organization, today the whole of mankind has been experiencing a global disaster called the coronavirus pandemic and by many politicians and scientists highlighted that such a huge disaster has not happened in the last hundred years on a global scale. Regarding to the latest data, in 191 countries of the world, 164 372 thousand people were infected with coronavirus, of which 3 million 407 thousand died (the mortality rate is 2,07 percent), 79750 people in this regard were infected with this disease in our republic and 622 of which died (the death rate is 0,78 percent).

The current world economy has accelerated the spread of harmful diseases, which can move quickly in the general area, as well as the deep integration of international organizations in different directions, the rapid spread of changes in the market conjuncture, the liberalization of trade relations, the increase of international organizations in different directions and the fierce competition between them. One of the main threats for the economy of Uzbekistan is the negative impact on the overall volume of our foreign trade turnover due to the pandemic to the economies of these main economic partner countries China, Russia, Turkey, Korea, Kazakhstan, on the other hand, it affects a certain degree of slowdown in the national economy and a decrease in tax revenues due to tax benefits[8].

In order to mitigate and eliminate the consequences of the pandemic, the state carried out a total of 82 trillion soums of measures. In particular, the anti-Crisis Fund was established and more than 16 trillion soums were allocated from the budget for the activities related to the fight against the coronavirus and the support of the population and enterprises. In addition, state-owned enterprises and more than 500 thousand business entities and nearly 8 million citizens were provided with practical assistance of a total of 66 trillion soums in terms of tax benefits, loan terms and financial support.

A lot of privileges and conveniences were given to broad support of entrepreneurship. 100 trillion soums or nearly 4 times more loans than in 2016 were allocated to business entities

In addition, due to the granting of tax benefits for the self-employed population, as well as the abolition of many restrictions, 500 thousand citizens have legally established their labor activity.

1-Table

The amount of loans provided to the Republic of Uzbekistan by international organizations and foundations

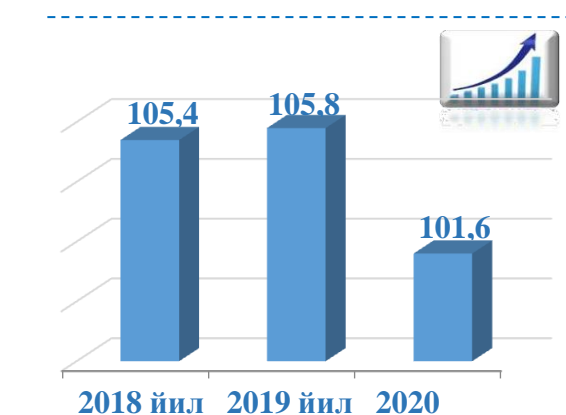
	<i>The name of the organisation</i>	<i>Allocated amount, mln. USD</i>	<i>Loan term, year</i>	<i>Loan interest</i>
	World bank	200,0	30	1,2
	International monetary fund	125,0	10	0
	International monetary fund	250,0	5	1,05
	Asian development bank	500,0	15	0,84
	Total	1075,0		

As can be seen from the data of the Table 1, a preferential loan of 200 million dollars was allocated by the World Bank as an additional financing of the Reform Support Project. The International Monetary Fund allocated a total of 375 million dollars to minimise the negative impact of the coronavirus pandemic on the economy of Uzbekistan. 500 million dollars of the whole loans received, were allocated to support the republic budget by the Asian Development Bank. All loan funds are directed to the fund against the crisis.

As a result of the socio-economic measures taken by our government, we were able to enter into the ranks of few countries that achieved the economic growth.

In 2020, the volume of gross domestic product of the Republic of Uzbekistan amounted to 580 203.2 billion sums at current prices and increased by 1,6% compared to 2019. The

volume of GDP per capita in 2020 made an amount to 16 949,1 thousand sums (or equivalent to 1 685,5 US dollars) at current prices and decreased by 0,3% compared to 2019.



It is known that per capita GDP is found to divide the total volume of GDP at current prices by the average population of the country in the reporting period. The number of permanent residents of the Republic of Uzbekistan in 2018 consisted of 32 956.1 thousand people, 33 580,4 thousand people in 2019, 34 232.1 thousand people in 2020.

In the structure of the gross domestic product created by our country in the year 2020, we can observe a tendency to reduce the amount of net taxes on products compared to previous years. We can safely say as the main reasons for this that the improvement of the economy, the improvement of the real income of the population and the creation of new jobs have been achieved by the state to provide tax benefits and preferences in the conditions of the past pandemic.

By the end of 2020 year, there were no major changes in the structure of the GDP. The share of the industry in GDP decreased from 29.3% to 28.5%. At the same time, the share of agriculture, forestry and fisheries increased from 28.0% to 28.2%, the share of the construction network from 6.6% to 7.0%, and the share of the services sector experienced a rise from 36.1% to 36.3%. As a result of the carried out reforms and the tax benefits granted to business entities, some changes to the net taxes on the products in the structure of the GDP have been made.



2-Table

	2018 year	2019 year	2020 year
I. GDP, total	100,0	100,0	100,0
<i>including:</i>			
Gross added value of the sectors	88,8	91,1	92,4
Net taxes on the products	11,2	8,9	7,6

Over the past 2020 years, 93,2 thousand new microfirms and small enterprises have been created as a result of the measures taken in the country and the positive entrepreneurial environment has created. The maximum number of them forms these sectors: trade (37,8 %), industry (19,9 %), agriculture, forestry and fisheries (16,1 %), construction (6,4 %), services for living and nutrition (6,0 %), transportation and storage (2,6%).

It can be said that minimizing the single social payment rate for enterprises of some categories in the year 2020 from 25 percent to 12 percent, maintaining the tax rate on income paid in the form of dividends, setting the rate of the profit tax from legal entities to 15 percent, reducing the tax burden, simplifying the taxation system and improving the tax administration are major basic factors. In this regard, it should be noted that from 1 April to 31 December in 2020, the reduction of the single social payment rate, which is calculated on workers was established as an 1% and this gave its effect.

CONCLUSION

In recent times, the world economy has accelerated the spread of harmful diseases in addition to the ever-deep integration, structural changes in the markets, the liberalization of trade relations, the outbreak of competition among them. One of the main threats for the economy of our Republic is the negative impact on the overall volume of our trade turnover with our foreign trade partners due to the pandemic, while, on the other hand, the slowdown in the national economy and the reduction in tax revenues as a result of the tax benefits have affected the overall position of the economy.

Based on the results of the above analysis, we recommend the following suggestions:

1. In order to ensure the complete, perfect and timely formation of the external source database, it is necessary to equalize the responsibility of the heads of enterprises and organizations that provide the data with the responsibility of tax agents and to increase their responsibility, to organize such a mechanism that take drastic measures against those organizations who submit errors, provide the data incompletely or none of them.

2. In order to increase the responsibility of the bodies and organizations that provide information about the occurrence of taxpayers' obligations in accordance with the tax code, when responsibilities, which are not fulfilled by them, punishments should be demonstrated to use and improve in the tax code, so that, such cases should be equaled with the legal consequence which comes from when the taxpayer does not pay the taxes or when they pay late.

As a result of the implementation of the above suggestions in practice, in the bodies of the state tax service, the volume of external source data of business entities is increased, which makes it possible to conduct a more complete cameral control of the activities of business

entities and increase the efficiency of cameral control. First of all, it is necessary to form an electronic database about each taxpayer, the tax object, the tax base. To formulate this database, it is necessary to use the information available in the tax authorities, financial and tax reports and declarations of taxpayers, as well as external data.

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