



Prospects for the Development of the Self-Employment System

Safarova Nodira Ashuraliyevna

Associate Professor of the "Finance" Department of the Tashkent Financial Institute, Ph.D

Abstract: The article analyzes the scientific-theoretical views on self-employment and freelance activities, their role in ensuring employment of the population, information about self-employed persons in the regions, types of activities and fields of our republic. Also, the prospects for the development of the self-employment system for ensuring the employment of the population and increasing their income are described in the article.

Key words: self-employment, freelancer, entrepreneur, entrepreneurial activity, innovation.

Introduction

There are specific aspects of organizing business activities in the world. The widespread development of self-employment and entrepreneurial activities of individuals has created the need to reveal the similarities and differences between them. In particular, "self-employment and freelancing are usually defined as one of the forms of entrepreneurship, although there is no clear boundary between these categories, the categories of entrepreneurship, self-employment and freelancing are essentially similar and complement each other" [1].

In world practice, a lot of scientific research work is being carried out to improve the well-being of the population through self-employment of individuals and to support them through the tax mechanism. In these studies, special attention is paid to the function of tax incentives in the taxation of the income of individuals engaged in entrepreneurial activities. However, important issues related to the lack of a unified approach to taxation of the income of individuals engaged in business activities in the world, and the fact that small businesses, individual entrepreneurs and self-employed persons are not clearly distinguished when choosing a tax regime have not yet found a positive solution.

PQ-4742 of the President of the Republic of Uzbekistan dated June 8, 2020 "On measures to simplify the regulation of entrepreneurial activities and self-employment by the state" in order to attract more people to entrepreneurship and create additional conditions for the implementation of legal labor activities in our republic. The adoption of the decision [2] serves to allow self-employed persons to carry out legal work and to legalize their income, and to increase the employment of the population.

The purpose of the research

The implementation of the self-employment system in the legal organization of labor activities of citizens in our republic led to the legalization of many types of activities that were considered illegal until then, the increase in the official employment of the population, and the creation of a mechanism for their social protection. However, the fact that some citizens are still working without legalizing their work makes it necessary to study the self-employment procedure from a theoretical, legal and practical point of view. The aim of this study is to clarify the mentioned issues from a scientific, theoretical and practical point of view.

The main part

In world practice, self-employment or freelance activities have been widely developed for many years, and a number of studies have been conducted on their importance in organizing activities and ensuring employment of the population. For example, Dubina I.N., Baytenizov D.T., Campbell D., Karayanis E., Azatbek T.A. in their research consider freelancing as an intellectual and creative form of self-employment in the new economy. The authors analyze theoretically and practically the period from the initial period of providing employment of the population through self-employment to the present, and emphasize that self-employment is developing as an economic and labor activity, making an increasingly important contribution to the national economy of many countries of the world. Freelance activity is a new integrated form of entrepreneurship and self-employment (intellectual and creative innovative individual entrepreneurship) that helps to create and develop innovative technologies, goods and services. [1].

Although there is no clear line between self-employment and freelancing, they operate as one form of entrepreneurship. While the categories of entrepreneurship, self-employment and self-employment intersect and complement each other in content, freelancing is defined as the intersection of the categories of "Individual Entrepreneurship" and "Entrepreneurship"[3].

In contrast to traditional self-employment industries, freelance industries typically employ highly skilled professionals who provide mainly information and knowledge-based services: teachers, IT specialists, architects, engineers, auditors, lawyers, artists, doctors, translators, scientists, writers, and others [4].

A report from the Roosevelt Institute and the Kauffman Foundation outlines the future of the emerging "bright economy," predicting the dominant role of the freelancer in the labor market by 2040 and a shift in traditional work patterns[5]. Experts have mentioned several main trends of the new economy. First, the work will be mostly in the nature of numerous but short-term projects carried out by specialists working simultaneously in several companies with irregular working hours. Second, new institutions will be created to reduce economic risks, replacing traditional pensions and health insurance. Thirdly, the active development of freelancer portals is expected, which is a kind of independent organizer that provides information about the demand and supply of freelancer services and allows to carry out various operations, plan and account for ongoing freelance projects[5].

The creation of the legal basis of the self-employment system in our country has accelerated scientific research in this regard. In particular, G. U. Ruziev studied the issues of further development of self-employment in ensuring employment of the population. According to the author: "In recent years, self-employment or freelancing is becoming a modern and innovative form of employment. It is proving to be the most optimal measures to develop and increase the income of the population in the conditions of the employment problem and the pandemic[6].

The concept of self-employed persons is defined in the Regulation "On the procedure for carrying out activities as a self-employed person" approved by the decision of the Cabinet of Ministers of the Republic of Uzbekistan No. 806 of December 23, 2020. According to it: "self-employed persons - those who independently carry out activities aimed at obtaining labor income, providing services to individuals and legal entities, based on participation in the performance of work with their personal labor, are not registered as individual entrepreneurs, are excluded from consideration of work experience and incentive benefits natural persons registered with the state tax service authorities with the right to use [7].

Therefore, in our republic, in order to regulate the labor activities of persons who provide themselves with income through self-employment, to create favorable conditions for the implementation of legal labor activities, the types of activities that these persons can engage in, the non-taxation of their income, taking into account the length of service and procedures for granting the right to use incentive benefits were introduced.

World experience and the practice of our country show that today it is important to ensure the employment of the population capable of working in the country. Ensuring the employment of the

population has a positive effect on the development of the country's economy, along with increasing their income. At this point, it should be noted that although the official statistics of the number of people who are engaged in various activities without official registration in the republic's economy and earn income are not clear, in practice the number of such citizens is several hundred thousand. Implementation of the self-employment system in the legal organization of these citizens' activities is important.

Based on this, giving self-employed individuals certain reliefs on taxes and recognizing them as an active population in the economy, creating a guarantee of providing them with age benefits at the expense of making payments to the pension fund serves as a radical change in this system of relations.

In order to actively involve the population in entrepreneurial activities and create additional conditions for the implementation of legal labor activities, it is established for individual entrepreneurs by determining the types of activities (work, services) that self-employed persons can engage in and charging social tax for them to the off-budget Pension Fund. a mechanism for determining the amount of income was introduced to calculate allowances in the order. As a result, as of January 1, 2021, a total of 561,718 self-employed citizens were registered as citizens, and as of December 1, 2021, 1,165,115 individuals were self-employed and engaged in activities. [8] .

We analyze information on self-employed citizens by region of the Republic of Uzbekistan (see Table 1).

Table-1. Self-employed citizens of the Republic information about [8]

The name of the areas	01.01.2021.		01.12.2021.		The difference (+; -)	
	person	%	person	%	person	%
Republic of Karakalpakstan	24 829	4,4	42 137	3,6	+17 308	-0,8
Andijan region	60 797	10,8	116 945	10,0	+56 148	-0,8
Bukhara region	40 046	7,1	66 848	5,7	+26 802	-1,4
Jizzakh region	17 678	3,2	41 448	3,6	+23 770	+0,4
Kashkadarya region	37 784	6,7	78 725	6,8	+40 941	+0,1
Navoi region	16 999	3,1	43 424	3,7	+26 425	+0,6
Namangan region	53 802	9,6	96 560	8,3	+42 758	-1,3
Samarkand region	77 974	13,9	177 896	15,3	+99 922	+1,4
Surkhandarya region	36 681	6,5	67 070	5,8	+30 389	-0,7
Syrdarya region	13 554	2,4	27 287	2,3	+13 733	-0,1
Tashkent region	37 697	6,7	86 926	7,5	+49 229	+0,8
Fergana region	63 028	11,2	128 152	11,0	+65 124	-0,2
Khorezm region	26 218	4,7	71 438	6,1	+45 220	+1,4
Tashkent city	54 631	9,7	120 259	10,3	+65 628	+0,6
Republic total on	561 718	100,0	1 165 115	100,0	+603 397	-

As mentioned above, as of 01.01.2021, 561,718 self-employed citizens registered and worked in the republic, and as of 01.12.2021, their number was 1,165,115 or increased by 603,397 during this period.

Currently, 177,896 or 15.3% of self-employed citizens in the republic are in Samarkand region, 128,152 or 11.0% in Fergana region, 120,259 or 10.3% in Tashkent city, 116,945 or 10.0% in Andijan region, it has high growth rates in the structure of regions. In the analyzed period, the number of self-employed people increased in all regions of the republic, but the number and share of self-employed people in Syrdarya, Jizzakh, and Navoi regions was slightly lower than in other regions. This situation is explained by the relatively small number of people living in these areas.

Based on the decision of the President of the Republic of Uzbekistan dated June 8, 2020 "On

measures to simplify the state regulation of business activities and self-employment" No. PQ-4742, it is observed that self-employed citizens are also increasing in the cross-section of industries (see Table 2).

Table 2. He has occupied himself in the sector of the republic information about citizens[8]

Fields	01.01.2021.		01.06.2021 .		01.12.2021.	
	person	%	person	%	person	%
Services in social directions	105 321	18,7	152 307	17,9	195 405	16,8
Services in the field of industry	93 612	16,7	132 512	15,5	198 936	17,1
Agricultural services	125034	22,3	224 879	26,4	291 733	25,0
Information and communication services	10 298	1,8	16 469	1,9	26 816	2,3
Household services	163 300	29,1	240 500	28,2	336 566	28,9
Production of consumer goods and provision of services	64 153	11,4	85 705	10,1	115 659	9,9
Republic total on	561 718	100,0	852 372	100,0	1 165 115	100,0

The analysis of self-employed citizens in the republic by sectors shows that as of December 1, 2021, 336,566 or 28.9% of them are engaged in household services, 291,733 or 25.0% are engaged in agricultural services, 198,936 or 17.1% industrial services, 195,405 or 16.8% of social services, 115,659 or 9.9% of consumer goods production and services, 26,816 or 2.3% of information and communication services is operating.

Although the number of self-employed persons working in the IT sector is slightly less than in other sectors, it should be noted that it has almost doubled in 2021.

The fact that most of the income-earning population engaged in various activities without official registration in the economy of the republic and legalized their activities through the self-employment system in a short period of time shows how important this system is at the same time. At the same time, the increase in the number of self-employed people who operate using advanced innovative and communication technologies based on professional knowledge is important in increasing the efficiency of this sector.

As of December 1, 2021, a total of 1,165,115 citizens of the republic were self-employed, of which 644,273 or 55.3 percent were counted during 2021 (Figure 1).

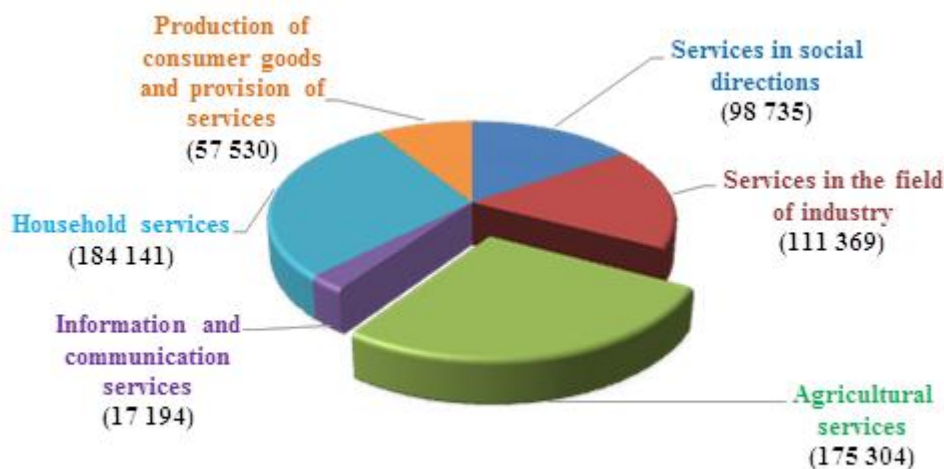


Figure 1. Information on self-employed citizens in 2021 by sector in the Republic [8] (as of 01.12.2021)

In 2021, 29% of the self-employed will be engaged in household services, 27% in agricultural services, 17% in industrial services, 15% in social services, 9% in consumer goods production and services, and 3% in information and communication. to the services.

Therefore, the tax exemption of self-employed persons' incomes received as a result of labor activity created an opportunity to legalize the labor activity of many active citizens.

As mentioned, self-employment and freelancing are different in developed countries. "As a freelancer, in contrast to the "traditional" fields of self-employment, as a rule, highly qualified specialists who provide services based on information and knowledge work: teachers, IT specialists, architects, engineers, auditors, lawyers, artists, doctors, translators, scientists. , writers and others.

... Freelancer operates using advanced innovative and communication technologies based on knowledge. The freelance sector includes professionals who provide skilled services on an ongoing basis, who have significant "human capital" (knowledge and skills) accumulated through education and practice, whose work is related to the formation, acquisition and accumulation of knowledge, and certain services provided by themselves and not by the organization for which they work. they get paid for it" [1].

As a result of the establishment of the self-employment system in our republic, the employment of many people was provided in the short term, although their activity was legalized, in the future, the wide development of freelancing, which operates using advanced innovative and communication technologies, is one of the main factors of increasing the well-being of the population. Therefore, it is not just self-employment in this field, but the increase of qualified specialists who provide qualified services and have high knowledge and skills should be set as a priority task in this field.

Summary

The introduction of the self-employment system serves as an important factor in ensuring the employment of the population and increasing their income. In particular, the tax exemption of self-employed persons serves to offer services at low prices.

Although the number of self-employed citizens is steadily growing, the activities of some citizens are still not organized on a legal basis. For example, from September 1, 2022 to 2025, taxi drivers are scheduled to be registered as self-employed persons, but most of them are still operating without registration as self-employed persons.

In the current regulatory legal documents, the list of types of activities that individual entrepreneurs can engage in and the list of types of activities (works, services) for self-employed persons, the existence of overlapping types of activities, the lack of a clear criterion between them, causes problems in this regard. In order to overcome these problems, a clear criterion should be established between them.

In the process of extensive development of the digital economy in the country, prioritizing the development of freelance activities as an innovative form of self-employment is important for ensuring employment and increasing income of the population.

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