

## LEGAL ANALYSIS OF ENTREPRENEURIAL ACTIVITIES IN THE REPUBLIC OF UZBEKISTAN

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**Abstract.** *This article analyzes the most common forms of entrepreneurial activity in the Republic of Uzbekistan from a legal point of view.*

**Keywords:** *form of entrepreneurship, sources of entrepreneurial law, individual entrepreneurship, joint-stock company.*

In recent years, much attention has been paid to the development of the legal framework for entrepreneurial activity in the Republic of Uzbekistan. This trend is reflected in the adoption of a number of legislative acts aimed at legal ensuring the activities of business entities. Thus, the Development Strategy of the new Uzbekistan sets the goal of establishing effective judicial control over the activities of state bodies and officials, as well as increasing the level of access of citizens and business entities to justice.

The legislation of Uzbekistan does not provide for a single codified act aimed at regulating entrepreneurial activity. The rules governing various aspects of this area are contained in the Civil Code, laws, regulations of the President and the Cabinet of Ministers of Uzbekistan. Procedural aspects of protecting the rights of entrepreneurs can be found in both the Civil and Economic Procedure Codes.

The possibility of carrying out entrepreneurial activity and its main guarantees are enshrined in the Constitution of the Republic of Uzbekistan. The main constitutional provision of the Constitution relating to entrepreneurial activity is Article 53, which establishes that the state guarantees freedom of economic activity, entrepreneurship and labor, taking into account the priority of consumer rights, equality and legal protection of all forms of ownership.

At present, the main regulatory legal act focusing on the legal protection of entrepreneurial activity is the Law of the Republic of Uzbekistan “On Guarantees of Freedom of Entrepreneurial Activity”. This law defines the concept of entrepreneurial activity, organizational and legal forms of its implementation, the basis for protecting the rights of business entities and the basis for their state support for entrepreneurial activityю.

The implementation of entrepreneurial activity implies that the subjects of such activity have a special legal status - “subject of entrepreneurial activity”, with a special legal personality that is different from the legal personality of other participants in civil legal relations.

It should be noted, that the Civil Code of the Republic of Uzbekistan provides for the possibility of choosing between the types of economic activities that citizens can carry out. However, in addition to entrepreneurial, a citizen can carry out other types of income-generating activities. For example, activities as notaries, lawyers, attorneys. Although such activity is usually associated with the systematic extraction of profit, it is not recognized as entrepreneurial. Accordingly, persons carrying it out are not required to acquire the status of a business entity.

The special legal personality of business entities is due to their special rights and obligations:

- the right to systematic profit-making (that is, income exceeding the natural, household, family and economic needs of an individual);
- the obligation to comply with special requirements established for certain types of business activities (the presence of a certain amount of property, obtaining licenses for a certain type of activity, ensuring sanitary safety, etc.);
- obligation to pay statutory taxes and fees associated with the implementation of entrepreneurial activities.

Business entities can be divided into types according to certain categories. To determine the types of entrepreneurial activity, first of all, one should refer to the Civil Code of the Republic of Uzbekistan. So, as a tool for the most general distinction between business entities, one can divide them into commercial and non-commercial. Further, commercial organizations, in turn, are divided into business partnerships and companies, full and limited companies, limited and additional liability companies, joint-stock companies, etc.

Thus, the existing many forms of entrepreneurial activity in the Republic of Uzbekistan, speaks of an extensive regulation of the coverage of this area.

To date, the most common form of entrepreneurship in Uzbekistan is individual entrepreneurship. So, according to the Agency for Statistics under the President of the Republic of Uzbekistan, in only 2022, - 49765 new small businesses were registered.

Individual entrepreneurship is the simplest and most ancient type of entrepreneurship, when one owner owns by all means, solving the question of what, for whom and how to produce; One -handedly disposes of the revenue received and bears unlimited material liability for the results of his activity.

The legal regulation of the entrepreneurial activity of a citizen is primarily provided for in the Civil Code of Uzbekistan, which provides that a citizen has the right to engage in entrepreneurial activities from the moment of state registration as an individual entrepreneur.

The Law of the Republic of Uzbekistan “On guarantees of freedom of entrepreneurial activity” regulates this type of entrepreneurship in more detail. According to this law, individual entrepreneurship is carried out by an individual entrepreneur independently, on the basis of property owned by him on the basis of ownership, as well as by virtue of other property law allowing the ownership and (or) use of property.

Individual entrepreneurship as a form of doing business has both advantages and disadvantages. So, the advantages of an individual entrepreneur include: his limitations by personal means and loans received in banks, as well as an individual entrepreneur, cannot be a specialist in all issues of production, supply, marketing, management, finance, which often leads to erroneous decisions.

However, individual entrepreneurship also has certain advantages, which consist of minimal regulation of activity, mobility, material interest, etc. In world practice, this form of business is characteristic of small stores and enterprises of the service sector.

An entrepreneur who has sufficient resources to create a case, inclined to single -handedly monitor the decision -making process, ready to bear full material and legal responsibility for commercial activities, will prefer to become an individual entrepreneur, becoming the sole owner of the company. All other forms of entrepreneurial activity are collective.

The above law also refers to the subjects of small business such a form of entrepreneurship as a microfirm. The law states that the microfirm is a subject of small business with an average

annual number of employees engaged in production industries - no more than twenty people, in the service sector and other non -production sectors - no more than ten people, in wholesale, retail trade and public nutrition - no more five people. This is the only legal act containing the norm about the microfirm. Other fundamental legal acts, as the Civil Code, do not contain norms regarding this form of business.

The next most common form of entrepreneurship in the Republic of Uzbekistan is a limited liability company. So, as of May 1, 2022, 352 131 limited liability company was registered in Uzbekistan. Unlike individual entrepreneurship and microfirm, LLC has a large regulatory legal basis. The norms on the LLC are available in the Civil Code, and in a separate law of the Republic of Uzbekistan "On Limited and Additional Liability Companies".

In a number of Western countries, there are the so -called societies of one person. These include limited liability societies in which the property is concentrated in the same hands. In most cases, in most cases there is a close relationship between companions. For this reason, they are very suitable for organizing family enterprises.

The next form of doing business, deserving, is a joint -stock company. As of February 1, 2023 in Uzbekistan, there are 629 AO of which 227 with state participation. There are also not few legislation acts are also devoted to legal regulation of joint -stock companies. Like LLC, the norms regarding the AO are contained in the Civil Code, and in the Law "On Joint -Stock Companies and the Protection of the Rights of Shareholders".

It should be noted that the legislation regulating the activities of the joint -stock company is in constant change and addition. For example, The Law of the Republic of Uzbekistan «On amendments and additions to some legislative acts of the Republic of Uzbekistan in connection with the further improvement of the corporate governance system» was adopted on 18<sup>th</sup> of January 2023, the main innovation of which is the inclusion of an independent member in the Supervisory Board of the Company. The main tasks of the Supervisory Board include control over the executive body, promoting observing the rights and interests of shareholders, and increasing the investment attractiveness of business.

Thus, having analyzed the legal basis for the activities of the most common forms of entrepreneurship, we can conclude that the legislative framework regulating this sphere is relatively new and in a dynamically developing state.

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