



Unique approach to Family Business: Uzbekistan case

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Abstract: The new law of “Family Entrepreneurship” was introduced in the Republic of Uzbekistan on the 26th April, 2012. Enforcement of this law has brought many changes in the domain of entrepreneurship. The main aim of this article is to state opportunities created by this new law and to point out differences of this law in relation to the norms practiced in foreign countries. In order to achieve this goal, we used comparison method of in our study. The results of the study show that this newly-introduced law on “Family Entrepreneurship” puts the meaning of family business uniquely different from the one practiced in the world and it has had a huge positive impact on entrepreneurship in Uzbekistan. Article can be a good guidance for the policy makers of developing countries to come up with better policy instruments to trigger the development of entrepreneurship environment in their relevant countries.

1. Introduction

A decline in global demand and rise in the rate of unemployment have become the main events of the 21st century throughout the world due to many recent global economic changes. In such a situation, world economists are viewing entrepreneurship and family business as a main source of creating wealth and employment (Carlock et al 2007) because of its significant impact on the global economy. Entrepreneurship emerges as one of the main factors of the economic stability, especially, under difficult economic conditions. It has been argued that big companies tend to bankrupt and downsize in hard times, yet, SMEs are often more persistent with their day-to-day operations and ownership structures (Mandl 2008). According to the European Commission (2003), small and medium enterprises (SMEs) account for 99 percent of all enterprises providing a total of 75 million jobs in diverse fields in the European member states.

Out of all existing forms of private business formations, form of businesses titled “family businesses” can be specially emphasized due to its essential role as a form of private business and its outstanding advantages. Family businesses are a traditional way of conducting business within the private sector and are active in all sectors of the economy. Globally, family-owned businesses support some 50% of the population, and four-fifths of all businesses are family owned. For example, about 70-80% of all enterprises are family businesses covering employment around 40-50% In Europe (Mandl, 2008). In North America, family business is contributing 80-90% of all businesses and employing 64% of U.S. labor force (CBIA, 2012). According to the Family Business Survey (PwC, 2012), 72% of respondents believe that family businesses contribute to economic stability and is effective force for providing and enhancing economic growth in developing countries. Family firms also play potential role in regional growth and development (Rodrigo Basco).

The largest number of population of Central Asia is living in Uzbekistan, and therefore, it is government’s top priority to establish workplace for such huge population at least for the sake of current stability and further prosperity. From this perspective, solutions to the problem is being sought from such family business activities as handcrafting, craftsmanship, bakery, gardening, tutoring and others. By taking critical role of family business in Uzbekistan and its possible great impact on economic growth into account, the Family Entrepreneurship Law was introduced on the 26th April, 2012. This law consists of 35 articles, and its main role is to put family entrepreneurial activities in order.

Taking all the things aforementioned into consideration, having deeper insight into family business and its norms are deemed as the essential objectives of this research. Furthermore, distinction between the national and international experiences of family business structure and opportunities created for the development of this area has become one of the objectives of this research.

Shortly, our work encompasses following parts. Introduction, as the next part of our study, outline of the methodology

applied for this study will be introduced. In the literature review, scholarly articles written on the topic of different aspects of family business have been briefly investigated. A unique feature of family business in Uzbekistan has been outlined in the next section of the study. At last, we conclude our study by proposing some recommendations on further development of family business.

3. Literature Review

Family businesses are prevalent form of business worldwide and they are widely explored (Klein, Astrachan, & Smyrniotis, 2005) and advantages have been well stated by scholarly articles. Family businesses generally make the entrepreneurial community healthier and also reliable business partners as they are essential cells of national economic bodies (Milan 2015) and have important policy implications for transition economies. Moreover, family firms are specific types of social and economic actors that account for a large amount of employment, business turnover, and gross domestic product (Bjuggren, Johansson, & Sjogren, 2011). Because of this, we might see a number of researches related to family business activities in scientific source. However, the description of the concept of family business has differed in various scientific sources, and this notion has been interpreted in different researches in different ways, thus, one concrete definition does not exist (Ayranci 2010). Nevertheless, most efforts have focused on defining family businesses in terms of distinguishing them from non-family businesses and seem to revolve around the role of the family in the vision of the firm, the resources and capabilities, as well as control mechanisms used in a firm (Chrisman et. al., 2003; Habberson et. al., 2003).

In Europe, most of the family businesses are equated to SMEs or micro enterprises with less than 10 employees operating in traditional and labor intensive sectors (Kerstin Siakas et al. 2014). In a number of European countries, family businesses are run in all legal forms, including listed companies, having different sizes and covering all sectors of the economy (Spyros Vassiliadis 2014). Astrachan et.al. (2003) claims that although the definitions and methodologies used were different, one-third to one-half of the largest public companies are family businesses. In many cases, these “public” companies remain in the owner’s or family’s strategic control and are, therefore, more likely to be family businesses despite being considered “public” companies and 60% of all public and private partnerships and corporations are family businesses. Especially, in Great Britain, a firm is considered to be a family business if it has (Institute for Family Business Research foundation 2016):

- Fewer than 249 employees and a single owner;
- Between one and 249 employees, multiple owners, and self-identifies itself as a family business;
- more than 249 employees and a UK family possesses a 25 per cent shareholding, or a first generation entrepreneur self-identifies the company as a family firm.

According to the Price Water House Coopers (PwC, 2008), family businesses are “those companies in which at least 51 % of the shares are held by a family or related families. The family members comprise the majority of senior management team and the owners have day-to-day responsibility for the management of the business”. Family business is also given in other researches as an activity managed and owned by one particular family or members of that family (Huang et.al, 2009). It includes the business, the family, the founder and other linking organizations as the board of directors. Chua et al. (1999) state that family firms are businesses governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family in a manner that is potentially sustainable across generations of the family. In addition, according to definition of Kalouda et al. (1998), family companies are companies with the biggest or at least an important share of capital, which is held in the hands of a few people or companies from the same family - family members are usually involved in the management and leadership of the company. Moreover, Miller, Le- Breton-Miller et al. (2007) define family business as “members of the same family involved as the principal owners or administrators, simultaneously or in the course of time”. Belak et al. (2012) say that family businesses are characterized by less formal mode of operating, the possession of less formal policies, rules and codes, the presence of implicit assumption of moral and ethical behavior among members, and by the existence of emotional and informal decision making. Specifically, family business is a commercial activity that is based on decisions made by current generations of these family members in order to achieve a common goal.

3.1. Family Business in Uzbekistan

Family business is considered as one of the most important matters in Uzbekistan too. In order to develop this area, the Law on “Family entrepreneurship” entered into force in the Republic of Uzbekistan on the 26th, 2012. According to the description of this Law, the term “family business” has been referred to as “family entrepreneurship” in Uzbekistan and family entrepreneurship is an initiative made by family members with their own risk and liability so as to make profit. Representation of the subjects of family entrepreneurship in Uzbekistan has been given below.

Subjects of family entrepreneurship	
1	Family firm
2	Family entrepreneur

Figure 1: Subjects of family entrepreneurship

According to the Law on “Family entrepreneurship” of the Republic of Uzbekistan, family firm is when:

- a legal entities registered as “family firm”;
- entity opened in order to implement entrepreneurial activity willingly, small businesses launched by founders of family firm;
- equal to the status of small businesses;
- entity established by not less than two founders and the total number of employees cannot be more than the average annual number of employees allowed to be employed by small businesses by law;
- 100% of firm’s ownership is possessed by founders (the head of the family, his wife (her husband) their children and grandchildren, parents, and other relatives (children and grandchildren husbands (wives), half and step- brothers and sisters, their husbands(wives) and children, uncle and aunt);
- based on the founders’ personal labor;
- it is not allowed to produce products that require excise tax and tax imposed on natural resources; (The Law of “Family entrepreneurship” 2012).

Table 1: Fixed tax rate for family entrepreneur in 2016

№	Type of activity	The rate of fixed tax (in multiples of the minimum wage) per month		
		Tashkent	Nukus and cities of regional subordination	Other settlements
1	Retail			
	food products	9,0	6,0	3,0
	agricultural products in peasant (dekhkan) markets	5,0	4,0	2,0
	non-food products	10,0	6,5	3,0
	newspapers, magazines and books	5,0	3,0	0,5
	food and consumer goods (trade mixed stationary points)	10,0	6,5	3,0
2	Domestic services	3,5	1,5	0,5
3	Production and sales of its own products, including manufacture and realization of national sweets and bakery products, as well as manufacture and sale of certain types of foods, piece dishes, without organization seats in the home or places specially designated by the decision of the public authorities in the field	2,0	1,5	1,0
4	Other activities	2,0	1,5	1,0
5	Services in transportation of goods by road:			
	for trucks carrying up to 3 tons		2,0	
	for trucks with carrying capacity up to 8 tons		3,0	
	for trucks, hoisting capacity from 8 tons		4,0	

Note: 1 Fixed tax rate will be determined on the basis of the minimum wage set at the beginning of the year, on 1 January 2016 (130,240 sum), and is not revised during the year.

2. Family entrepreneur engaged in several activities is required to pay tax for each activity separately.

On the other hand, family entrepreneur is when:

- non-legal entity form of family entrepreneurship;

- A member of the family is registered as an sole-entrepreneur;
- The owner has a right to recruit other members of the family;
- Fixed tax-payer (according to the form of business activity);

Registered family entrepreneurs are required to pay fixed taxes depending on the form of activity. Table below provides information about the amount of tax that should be paid based on the form of activity.

3.1.1. Opportunities for Family Business in Uzbekistan

As compared with other categories of companies, family firms have the following privileges.

Firstly, family business may operate and sell their products in the place where they live. Such an opportunity will facilitate the process of initiating and efficiently continuing family entrepreneurship. Furthermore, this will diminish the cost of production and services.

Secondly, based on property rights, it is not required of participants of family business to convert their living places into locations which are not designed for habitation with a view to using them for family business activities, with the exception of some categories of activities specified on legal documents.

Thirdly, family company is liable, according to the terms and conditions, for the cost of communal infrastructural bills (electricity, water supply, sewerage, gas and heat supply) involved in the production of goods and services if family business operates in the place where family members live. In fact, opportunities created for the subjects of family entrepreneurship will contribute to increasing their competitive advantage.

3.1.2. Privileges for Family Business on Taxes in Uzbekistan

Taxes significantly influence decisions about financing and investment activities of companies (Kubátová, 2010). According to Široký (2008), appropriate adjustment of corporate tax rate may stimulate businesses for more economic activity. Through decreasing tax burden of firms countries attempt to attract new investors, who would support the economic growth of the country as well as new job positions (Ivana, Monika, 2014). However, investors select a business with a low tax burden for their firms. As compared with other forms of business in Uzbekistan, we can see that the tax burden is relatively lower when it comes to running family business. This, in turn, leads to investing accumulated wealth at family's disposal in expanding entrepreneurial activities. Below, we can see the privileges of taxes given to family firms.

- Family firm is the payer of single tax payment (STP);

There are two types of taxation of legal entities in Uzbekistan:

- General tax payment - applied to large businesses such as banks, large enterprises, and insurance companies and so on;
- Single tax payment - applied to micro-firms and small enterprises, which can freely switch to general tax system.

By contrast, family firms are considered as a single tax payer without having the right to select. Family firms are equated to SME in Uzbekistan. Legal entities can be viewed as an example of micro-firms and small companies in accordance with criteria established by the Law.

The representation of privileges granted for family firms will be shown by the following examples.

Example 1:

A certain "A" entrepreneurial subject was registered as a "family firm" in 01.01.2015 and the following long-term assets were purchased.

Table 2: The list of long-term assets of the (example) firm

№	Name of assets	Rate of amortization (%)	Price (UZS million)
1	Buildings	annual 5	2100,0
2	Machines and equipment	annual 15	300,0
3	Transportation	annual 20	138,0
4	Computer devices and technology	annual 15	15,0
	Total:		2553,0

Company plans to make profit by renting its assets. Profit-and-loss report will be made if the following is available:

- Company earned a monthly income of 64,0 UZS million and a yearly income of 768,0 UZS million by renting its real estate.

- Labor costs, services and purchase of materials amounted to 254,4 UZS million;
- Commercial and administrative expenses made up 62,0 UZS million;
- Other expenses made up 28,0 UZS million;
- Tax rate (in accordance with legislation) from profits;
- Amortization fund during the reporting period - 179,85 UZS million;

As mentioned above, family firms are considered to be single taxpayers and they can keep certain percentage of financial means by paying single tax payment. We can see this through results of our comparative analysis calculated below in Table 3.

Table 3: Calculation of general and single tax payment

General tax system (UZS million)	Single tax payment system (UZS million)
<p>1. The volume of yearly revenue: Yearly revenue = monthly income * 12 = 64,0*12 = 768,0;</p> <p><i>Note: If the volume of revenue consists of 768,0 sum, then you have to charge VAT 20% (153,6) for that sum. Of course, this situation is to increase the price of the service and as a result, customers lose interest in this service.</i></p> <p>2. To calculate the cost: Cost = (payroll costs + raw material purchases + services) + amortization = 254,4 + 179,85 = 434,25;</p> <p>3. The gross profit: Gross profit = yearly revenue - cost = 768,0 – 434,25 = 333,75;</p> <p>4. Profit from sales: Profit from sales = gross profit – administrative and commercial expenses = 333,75 – 62,0 = 271,75;</p> <p>5. Profit before tax: Profit before tax = profit from sales – other expenses – tax for property – pension fund – road fund – school fund = 271,75 – 28,0 – 94,926 – 68,78 – 12,29 – 10,75 - 3840 = 53,168;</p> <p><i>Note: Property tax is calculated from the average annual residual value of assets.</i></p> <p>In our example: Building and construction: 2100,0 x 0,05 = 105,0 Machines and Equipment: 300,0 x 0,15 = 45,0 Means of transports: 138,0 x 0,2 = 27,6 Computer equipment and devices: 15,0 x 0,15 = 2,25 To calculate: $((2100,0-105,0)+(300,0-45,0)+(138,0-27,6)+(15,0-2,25))\times 0,04= 94,926.$ Land tax: our object is included on the third zone of Tashkent and rate of this zone is 51,75 To calculate: 1,329ha * 51,75=68,78 Pension fund = yearly revenue * 1,6%; Road fund = yearly revenue * 1,4%; School fund= yearly revenue * 0,5%;</p> <p>6. To calculate profit tax: Profit tax=profit before tax*profit tax rate = 53,168,*7,5% = 3,99;</p>	<p>1. The volume of revenue: Yearly revenue = monthly income*12 = 64,0*12 = 768,0;</p> <p>2. To calculate the cost: Cost = (payroll costs + raw material purchases + services) + amortization = 254,4 + 179,85 = 434,25;</p> <p>3. The gross profit: Gross profit = yearly revenue - cost = 768,0 – 434,25 = 333,75;</p> <p>4. Profit from sales: Profit from sales = gross profit – administrative and commercial expenses = 333,75 – 62,0 = 271,75;</p> <p>5. Profit before tax: Profit before tax = profit from sales – other expenses= 271,75 – 28,0 = 243,75;</p> <p>6. To calculate single tax payment (STP): STP = yearly revenue* rate of single tax = 768,0*0,05 = 38,4;</p> <p><i>Note: Minimum size of STP that is calculated based on the area occupied by a firm has not been taken into account when calculating the single tax payment. Because minimum size of STP is not applied to family firms. We will dwell on this issue below.</i></p> <p>7. To calculate net profit: Net profit = profit before tax – the volume of STP = 243,75 – 38,4 = 205,35;</p>

<p>7. Tax on infrastructure: Tax on infrastructure = (profit before tax–income tax)*rate of tax on infrastructure = (53,168-3,99)*8% = 49,2*8% = 3,94;</p> <p>8. To calculate net profit: Net profit = profit before tax – income tax – infrastructure tax = 53,168 – 3,99 – 3,94 = 45,3.</p>	
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The comparative analysis above illustrates that the family firm “A” has retained financial assets at the amount of 162,05 = (205,35-45,3) million UZS. In its turn, this will encourage the development of family business.

-Minimum size of single tax payment is not applied to family firms;

Starting from July 1, 2011, taxpayers pay STP based on regulations on the procedure for calculation and payment of the single tax payment taking introduction of the minimum size of the single tax payment (MSSTP) into account. One of the benefits that was created for family firms is that this regulation is not applied to them.

Minimum size of single tax payment is calculated by the following formula:

$$MSSTP = 3 \times H \times K_1 \times K_2, \text{ where:}$$

MSSTP — minimum size of single tax payment;

H — the area that is occupied by a family firm;

So, for example, rate of land tax set for five zones is used in the city of Tashkent, four zones in Samarkand city and three zones in Khiva. When calculating land tax, minimum rate established for the area and land category is used.

Table 4: Land tax rate for the use of land in the city of Tashkent

Zones	Land tax rate, imposed on legal entities (UZS thousand)
1	86250,0
2	69000,0
3	51750,0
4	34500,0
5	17250,5

K₁ — reduction coefficient indicated by Annex 1 of the regulation (used depending on the kind of activity).

K₂ —reduction coefficient indicated by Annex 1 of the regulation (used depending on the location of the legal entity).

Annex 1: Regulation of calculation and payment of single tax payment, taking the introduction of the minimum size of the single tax payment into account.

Table 5: Reduction factors

Tax-payers	Coefficient
Depending on the type of activity (K₁)	
1. Micro and small enterprises, the main activity is the production of goods (industrial)	0,5
2. Organization, whose main activity is: wholesale trade (subject to the availability of own or leased warehouse space); provision of services for transport by road of passengers and goods (subject to the availability of land for the storage of vehicles); repair and maintenance of vehicles (subject to the availability of land for the storage of vehicles); services for the storage of goods under customs control at the customs warehouse (subject to the availability of own or leased warehouse space)	0,35
3. Tractor fleet	0,35
4. Wholesale, retail and wholesale and retail pharmaceutical organizations	0,2
5. Micro and small enterprises engaged in the construction of new workshops, their modernization, technical and technological re-equipment, including investing in accordance with the investment obligations, not engaged in the production of goods during the period of these works, — for the duration of these works, but not more than 24 months from the date of commencement of these works	0,35
6. Micro and small enterprises engaged in the construction of housing on the land allotted for the construction, - the period of statutory construction (and in his absence - 1 year)	0,35
7. Micro and small enterprises engaged in the improvement of mines and quarries, including their restoration	0,1
8. The legal entities that organize the bus station	0,35
Depending on the location of the legal entity (K₂)	
For organizations that are located in remote and mountainous areas, regardless of the type of activity	0,7

Example 2:

A company "A" has its own storage facilities located in the city of Tashkent. The total area - 13290 sq.m. During January - June 2015, the following flows have happened in the enterprise has:

Table 6: The enterprise indicators during January - June 2015

Period	Taxable gross revenue (UZS million)	Single tax payment	
		Rate (%)	Sum (UZS million)
January-March in 2015	354,0	5	17,7
January-June in 2015	494,0	5	24,7

The established minimum rate of land tax levied per 1 ha in Tashkent in 2015 is 17 250 500 sum. Taking into account that a reduction factor depending on the type of activity, (K₁) is not applicable for this enterprise.

The minimum size of the STP per year:

$$MSSTP_{\text{yearly}} = 3 \times (1,329 \times 17\,250\,500) = 68\,777\,744 \text{ UZS}$$

The minimum size of the STP for each quarter of 2015:

$$MSSTP_{\text{quarterly}} = 68\,777\,744 / 4 = 17\,194\,436 \text{ UZS}$$

As the amount of STP exceeds the minimum size of single tax payment. There is no additional charge for the first quarter of 2015.

$$\text{The amount of STP}_{\text{quarterly}} = 354\,000\,000 \times 5\% = 17\,700\,000 \text{ UZS}$$

In accordance with the established formula, the amount of STP for the whole company for the second quarter of 2015 (April - June) is:

$$\text{The amount of STP}_{\text{quarterly}} = (494\,000\,000 - 354\,000\,000) \times 5\% = 7\,000\,000 \text{ UZS}$$

As the amount of STP does not exceed the minimum size of single tax payment, there is a need to calculate additional charge for the second quarter of 2015 (April-June). The additional charge is:

$$\text{MSSTP}_{\text{quarterly}} - \text{the amount of STP}_{\text{quarterly}} = 17\,194\,436 - 7\,000\,000 = 10\,194\,436 \text{ UZS}$$

Thus, the amount of the STP taking the minimum size of the STP into account, for the whole company for two quarters of 2015 will be equal to 34 894 436 sum (17 700 000 + 7000 000 + 10 194 436).

However, as stated above, minimum size of STP is not applied to family firms and the amount of single tax payment is calculated the following:

$$\text{The amount of STP}_{\text{quarterly}} = 354\,000\,000 \times 5\% = 17\,700\,000 \text{ UZS}$$

In accordance with the established formula the amount of STP for the whole company for the second quarter of 2015 (April - June) is:

$$\text{The amount of STP}_{\text{quarterly}} = (494\,000\,000 - 354\,000\,000) \times 5\% = 7\,000\,000 \text{ UZS}$$

Thus, the amount of the STP without taking the minimum size of the STP into account, for the whole company for the second quarter of 2015 will be equal to 24 700 000 sum (17700 000 + 7 000 000).

According to the results of the comparative analysis, we can conclude that family firms will have the opportunity to save certain amount of financial resources by not being applied to the minimum size of STP. In our example 2, the family firm has saved 10 194 436 (34 894 436 - 24700 000) sum. These tax privileges for family business are one of the main arguments that encourage the development of family business in Uzbekistan.

According to the legislation, founders of family firms do not pay income tax for their declared dividend while founders of other categories of companies are required to pay income tax at the amount of 10% for the declared dividend.

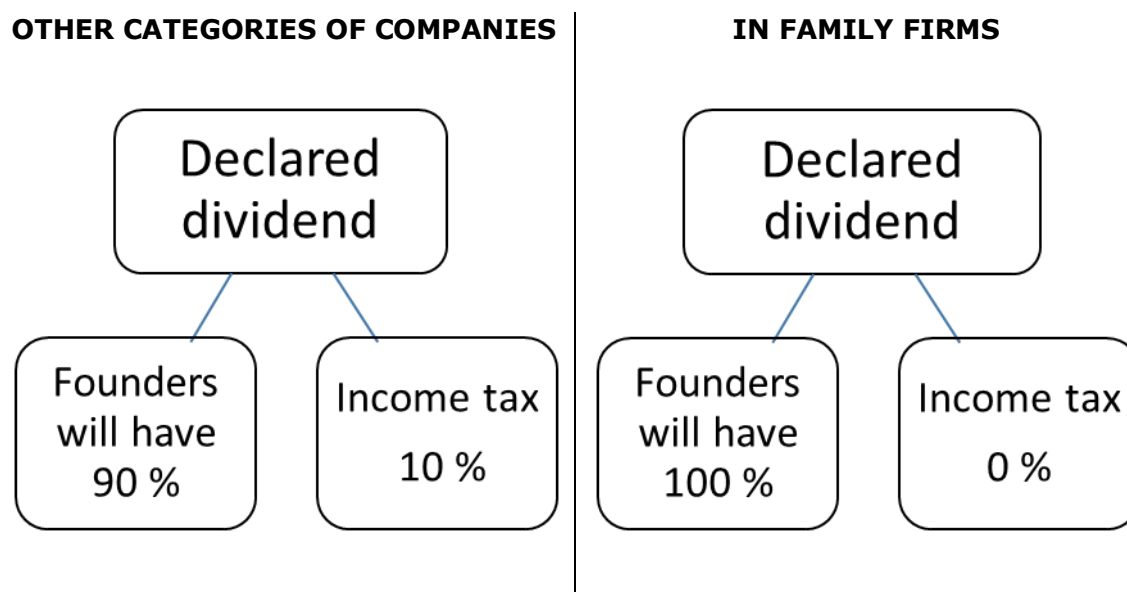


Figure 2: Declared dividend in various categories of companies.

Family firm that is engaged in the production of such goods as folk art, crafts and applied arts, will be freed paying the single tax in accordance with the procedures established.

4. Methodology of the Study

In order to achieve our aim, we have used a comparative analysis methodology of the national and international experiences of family business and its distinctive features. Moreover, research-methodological bases of the concept of family business were studied based on a thorough analysis of international scientific articles published in the most prestigious platform, www.sciencedirect.com. As reported by (Synek, 1999), method of comparisons is based on the examination of the same and different pages for two (or more) examined objects or phenomenon.

5. Discussion

As mentioned above, there is no single definition on family business throughout the world. Thus, a number of features distinguish the properties of family business in Uzbekistan. Differences of family firms from other types of firms in Uzbekistan as well from family businesses from abroad are shown in **table 7** below.

Table 7: Features of family business in Uzbekistan and abroad

Factors	Foreign features	Uzbekistan features
Named	Family business	Family entrepreneurship
Ownership	Founders can be restricted by certain part of the ownership	100% of ownership belongs to founders
Legal form	Can be registered as a LLC, corporation, joint-stock company and so on (the share of the family is taken into account regardless of the legal form).	Can be registered only as a “family firm” or “family entrepreneur”
Status	Both large and small business	Only small business
The number of employees	Unlimited	Can not exceed the average number of employees of small business according to the legal documents.
Type of activity	Can be engaged in any legal activity	is not allowed to produce products that require excise tax and tax imposed on natural resources.

As compared with foreign experiences, family business is not formed as large companies in Uzbekistan. Also, founders are not restricted to a certain part of ownership. Founders own 100% of family firm. This entirely new organizational legal form of running business labeled “family firm” has not been observed in the history of the legislation of the countries of the world, including in the legislation of Uzbekistan so far. The new form of doing business will serve as a main force for economic development in a period of transition.

The new Law has created great opportunities for the people who want to engage in business. Running business activity in accordance with the new law clearly differs from a form of small business under low investment requirements, flexibility and limited investment circumstances with a view to reducing poverty. This type business does not require additional buildings, thus, enables the owner to save certain financial resources. With such available facilities, this business grows faster providing public employment, increasing the amount and type of services and, improving the competitive environment in the country. Furthermore, introducing and enforcing “Family Entrepreneurship” Law contributes firstly, to the increase of the real income of families and its members. Secondly, it improves the quality and quantity of products and services. Thirdly, enabling the use of people with special needs, this type of business activates the youth and the retired with many years of experience. Fourthly, it helps to reduce informal sector, and fifthly, it helps to discover individuals’ potentials. It also leads to implementation of a wider range of labor forces to economic activity, and ultimately, it serves to the growth of middle class in the society.

6. Conclusion

Family business is one of the most effective tools for development in Uzbekistan, as well as in number countries of the world.

The features of family business in Uzbekistan vary considerably with world practice in accordance with the following specifications: ownership (family members own 100% of a firm); the number of employees (can not exceed the average number of employees of small business according to the legal documents); restricted activity (is not allowed to produce products that require excise tax and tax imposed on natural resources); privileges on taxes (founders of family firms do not pay income tax from declared dividend) and so on.

Tax priorities play potential role in running family business in Uzbekistan. Family firms are considered single taxpayers and they can retain certain amount of financial means by paying single tax payment. It allows them to expand their activity.

In many cases, there is no need to run business activity forming legal entity due to additional expenses. According to the current law, family business is allowed to run without forming a legal entity as an individual entrepreneur.

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