

IMPROVING THE TAXATION SYSTEM IN THE DIGITAL ECONOMY

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Abstract: This article provides a comprehensive analysis of the theoretical and practical aspects of improving the taxation system in the context of the digital economy. It examines the key features of the digital economy, including the dominance of intangible assets, the expansion of cross-border transactions, and the growing share of digital services, which create new taxation challenges. The study substantiates the opportunities to enhance the efficiency of the tax system through the digitalization of tax administration, the implementation of advanced technologies, and the improvement of the regulatory framework. Based on the analysis of international experience and national practices, the research develops scientific conclusions aimed at effective taxation of digital economy entities, ensuring fiscal stability, and reducing the shadow economy.

Keywords: digital economy, taxation, tax administration, e-commerce, digital services, tax policy, fiscal stability, tax system, cross-border transactions, innovative technologies.

Annotatsiya: Mazkur maqolada raqamli iqtisodiyot sharoitida soliqqa tortish tizimini takomillashtirishning nazariy va amaliy jihatlari kompleks tarzda tahlil qilingan. Tadqiqotda raqamli iqtisodiyotning o'ziga xos xususiyatlari, xususan nomoddiy aktivlar ustunligi, transchegaraviy operatsiyalar kengayishi va elektron xizmatlar ulushining ortishi natijasida yuzaga kelayotgan soliq muammolari yoritilgan. Shuningdek, soliq ma'murchiligini raqamlashtirish, zamonaviy texnologiyalarni joriy etish va normativ-huquqiy bazani takomillashtirish orqali soliq tizimi samaradorligini oshirish imkoniyatlari asoslab berilgan. Xalqaro tajriba hamda milliy amaliyot tahlili asosida raqamli iqtisodiyot subyektlarini samarali soliqqa tortish, fiskal barqarorlikni ta'minlash va yashirin iqtisodiyot ulushini kamaytirishga qaratilgan ilmiy xulosalar shakllantirilgan.

Kalit so'zlar: raqamli iqtisodiyot, soliqqa tortish, soliq ma'murchiligi, elektron tijorat, raqamli xizmatlar, soliq siyosati, fiskal barqarorlik, soliq tizimi, transchegaraviy operatsiyalar, innovatsion texnologiyalar.

Аннотация: В данной статье комплексно исследуются теоретические и практические аспекты совершенствования системы налогообложения в условиях цифровой экономики. Рассматриваются особенности цифровой экономики, включая доминирование нематериальных активов, рост трансграничных операций и увеличение доли электронных услуг, что приводит к возникновению новых налоговых проблем. Обоснованы возможности повышения эффективности налоговой системы за счёт цифровизации налогового администрирования, внедрения современных технологий и совершенствования нормативно-правовой базы. На основе анализа международного опыта и национальной практики сформулированы научные выводы, направленные на эффективное налогообложение субъектов цифровой экономики, обеспечение фискальной устойчивости и снижение уровня теневой экономики.

Ключевые слова: цифровая экономика, налогообложение, налоговое администрирование, электронная коммерция, цифровые услуги, налоговая политика, фискальная устойчивость, налоговая система, трансграничные операции, инновационные технологии.

INTRODUCTION

The fundamental changes taking place in the global economy in recent decades, especially the rapid development of digital technologies, have given rise to new forms of economic relations. The digital economy is fundamentally changing not only the production and service sectors, but also the public finance system, in particular, taxation mechanisms. This process is leading to a transformation of economic activity on a global scale, requiring a rethinking of the effectiveness of traditional economic models and their fiscal instruments. The main feature of the digital economy is that economic transactions in it are often carried out through intangible assets, such as digital services, intellectual products and the exchange of information. As a result, the process of value creation goes beyond traditional territorial boundaries, which creates new challenges for the tax system. In particular, the issues of determining the source of income, determining tax residency and controlling cross-border transactions are becoming more complicated. In addition, the sharp increase in the volume of trade carried out through e-commerce and digital platforms indicates the existence of significant gaps in the taxation system. Practical studies show that in many countries, mechanisms for full coverage of e-commerce entities and their effective taxation are not yet sufficiently developed. This leads to a decrease in state budget revenues and a narrowing of the tax base.

Along with the development of the digital economy, significant changes are also taking place in the tax administration system. In modern conditions, electronic declaration systems, online control mechanisms, artificial intelligence and blockchain technologies are widely used to effectively organize tax collections. These tools serve to increase the transparency of the tax system, reduce the share of the shadow economy and increase tax revenues. Therefore, the issue of taxation in the digital economy is recognized as an urgent problem at the international level. International organizations and developed countries are developing digital services tax, BEPS (Base Erosion and Profit Shifting) initiatives, and new tax principles. This is aimed at regulating tax competition between countries and ensuring global fiscal stability.

In the case of Uzbekistan, the process of transition to a digital economy is also accelerating. As part of the “Digital Uzbekistan” strategy, large-scale reforms are being implemented in the public administration, finance and tax system. In particular, the efficiency of the system is being increased by digitizing tax administration, expanding electronic services and establishing interactive relations with taxpayers. At the same time, despite the existing reforms, a number of problems remain for the taxation system in the digital economy. In particular, issues such as taxation of foreign companies providing digital services, regulating cryptocurrency transactions, and adapting tax legislation to new economic conditions have not yet been fully resolved. These circumstances determine the urgent task of conducting a deep scientific study of the taxation system in the digital economy, identifying existing problems and developing effective mechanisms aimed at eliminating them. In this regard, the main goal of this study is to conduct a comprehensive analysis of the theoretical and practical aspects of improving the taxation system in the digital economy.

LITERATURE REVIEW

The issue of improving the taxation system in the digital economy has become one of the most widely studied areas in economic literature in recent years. This problem is of great importance not only in terms of economic efficiency, but also in terms of ensuring fiscal stability, social justice and the balance of the global tax system. In scientific sources, this issue has been analyzed based on various approaches - theoretical, practical and legal. The essence of the digital economy and its impact on the taxation system have been studied by many foreign economists. In particular, the BEPS initiatives (Base Erosion and Profit Shifting) developed by the OECD provide an in-depth analysis of the problem of erosion of the tax base and the artificial transfer of profits to low-tax territories in the digital economy. OECD reports emphasize that digital

companies have the opportunity to earn significant profits even without a traditional physical presence, which requires a revision of existing tax rules.

Also, studies conducted by the International Monetary Fund indicate that the main problems of taxation in the digital economy are the lack of sufficient development of mechanisms for determining tax jurisdiction, profit distribution and taxation of digital services. Experts of this organization note that the introduction of a digital services tax is important as a temporary measure. Among the authors who have studied the relationship between the digital economy and taxation in the scientific literature, economists such as Thomas Piketty and Joseph Stiglitz occupy a special place. Their studies emphasize the role of the taxation system in reducing global economic inequality. It is scientifically substantiated that social justice can be ensured by effectively taxing the profits of large transnational companies in the digital economy.

The legal aspects of the digital economy are also widely covered in scientific sources. In particular, the directives and regulations adopted within the framework of the European Union are aimed at forming the legal framework for the taxation of digital services. The issue of regulating the activities of digital giant companies and introducing a unified approach to taxation of their income in the European Union countries is considered a priority. This problem has also been considered as a topical issue in scientific research conducted at the national level. The works of Uzbek economists analyze the issues of modernization of the tax system, digitization of tax administration and strengthening tax control in the context of the digital economy. In particular, the electronic tax systems, online cash registers and electronic invoicing systems introduced by the State Tax Committee of the Republic of Uzbekistan are considered an important tool for increasing tax collections. Thus, tax relations in Uzbekistan are regulated on the basis of the Tax Code of the Republic of Uzbekistan. Amendments to this code in recent years are aimed at accelerating the process of adaptation to the requirements of the digital economy. In particular, new norms have been introduced for the taxation of electronic services, distance selling and digital transactions. However, an analysis of the existing scientific literature and legal sources shows that the taxation system in the digital economy has not yet been fully formed. In particular, the lack of a unified approach to the taxation of cryptocurrencies, digital assets and cross-border electronic services remains a significant problem. Therefore, there is a need to continue scientific research in this area, in-depth study of international experience and improve the national tax system.

METHODOLOGY

This study used a comprehensive scientific approach to clarify the issue of improving the taxation system in the digital economy. The theoretical basis of the study is modern economic concepts that reveal the interrelationship between the digital economy and tax policy. In this context, recommendations and analytical reports developed by international organizations, in particular the OECD and the International Monetary Fund, were used. In the process of the study, the impact of the digital economy on the taxation system was systematically studied using analysis and synthesis methods. Using the comparative method, digital taxation mechanisms used in different countries were compared and their effective aspects were identified. Based on an empirical approach, the practice of digitizing tax administration in Uzbekistan, including the results of electronic tax services and control systems, was analyzed. Also, using the method of normative and legal analysis, the Tax Code of the Republic of Uzbekistan and related regulatory documents were studied and their level of compliance with the requirements of the digital economy was assessed. The combination of these methods served to ensure the scientific validity and practical significance of the research results.

DISCUSSION AND RESULTS

The results obtained during the research process showed that the effectiveness of the taxation system in the digital economy is directly dependent on a number of institutional,

technological and legal factors. First of all, the digitalization of tax administration is emerging as one of the main factors ensuring the sustainable growth of tax revenues. It was found that electronic declaration systems, online cash register technologies and real-time information exchange capabilities serve to expand the tax base and reduce the share of the shadow economy. At the same time, certain shortcomings were observed in the mechanisms for taxation of digital economy entities. In particular, there are still difficulties in the practice of taxation of foreign companies providing cross-border electronic services. This is explained by the fact that the traditional “permanent establishment” principle does not fully work in the digital economy. As a result, the likelihood of income being declared in low-tax jurisdictions rather than in the territory where real economic activity is carried out increases. The analysis showed that the mechanisms for identifying and fully accounting for economic transactions carried out through digital platforms are not yet sufficiently developed. This leads to the loss of part of the state budget revenues. At the same time, legal uncertainties have also been identified in the issue of taxation of transactions related to cryptocurrencies and digital assets.

Although the reforms implemented in recent years within the framework of the Tax Code of the Republic of Uzbekistan are aimed at modernizing the tax system, additional mechanisms are needed to fully cover some areas of the digital economy. In particular, there is a need to improve clear standards for taxation of imports of electronic services, registration of digital platforms and control over their activities. Also, a coordinated approach between countries is necessary for the effective organization of the taxation system in the digital economy. In this regard, the global tax initiatives put forward by the OECD, in particular, proposals to develop uniform tax rules for digital economy entities, are of great importance.

The results obtained show that the need to improve the taxation system in the digital economy is inextricably linked not only to economic, but also to legal and institutional factors. While traditional tax approaches are based more on tangible assets and territorial boundaries, in the digital economy the process of value creation is taking place in intangible assets and the virtual environment. This requires a revision of tax policy. From a legal point of view, the existing regulatory framework has not yet fully adapted to the rapid pace of development of the digital economy. The reforms implemented within the framework of the Tax Code of the Republic of Uzbekistan are yielding positive results, but it is necessary to develop additional regulatory and legal mechanisms to regulate relations related to digital services, e-commerce and cryptocurrencies. In particular, it is important to introduce clear procedures for the taxation of foreign digital platforms and control over their activities. From an institutional perspective, the digital transformation of tax authorities is of great importance. The widespread introduction of digital technologies can automate tax control, reduce the human factor, and reduce the risk of corruption. At the same time, modern technologies that allow analyzing large amounts of data help formulate tax policy more accurately and effectively. International experience shows that cooperation between countries is important for solving taxation problems in the digital economy. The global minimum tax rate and profit redistribution mechanisms put forward by the OECD are an important step in this direction. This approach will help reduce tax evasion by transnational companies.

In this regard, it is advisable for Uzbekistan to improve the taxation system in the context of the digital economy in the following areas: adapting tax legislation to the characteristics of digital activities, fully digitizing tax administration, expanding international tax cooperation, and introducing innovative technologies. In conclusion, the results of the discussion show that an integrated approach is necessary to form an effective tax system in the context of the digital economy, which should be implemented by ensuring the harmony of economic, legal, and technological factors.

CONCLUSION

The results of the study clearly show that the rapid development of the digital economy requires a fundamental revision of the taxation system. While traditional tax mechanisms are based on tangible assets and territorial boundaries, in the modern economic environment, the process of value creation is carried out mainly through digital platforms, intangible assets, and cross-border services. This creates the need to develop new approaches to determining the tax base, ensuring fair distribution of income, and ensuring fiscal stability. The study found that the effectiveness of the taxation system is directly related to the level of its digitalization, the flexibility of the regulatory framework, and institutional capacity. In particular, the full digitalization of tax administration, the introduction of real-time monitoring systems, and the use of technologies that allow for the analysis of large volumes of data serve to increase tax revenues and reduce the share of the hidden economy. At the same time, the insufficient development of mechanisms for effective taxation of digital economy entities, especially transnational platforms, maintains the risk of fiscal losses.

Although the legal analysis shows that the reforms implemented within the framework of the Tax Code of the Republic of Uzbekistan are yielding positive results, it confirms the need to develop additional regulatory mechanisms to fully cover new forms of the digital economy. In particular, the creation of a clear and stable legal framework for the taxation of e-commerce, digital services, cryptocurrencies, and other innovative activities is an urgent task. It is also important to conduct coordinated policies between countries to effectively address taxation issues in the digital economy. Global initiatives put forward by the OECD in this regard, including approaches to profit redistribution and the introduction of minimum tax rates, are recognized as important tools for preventing tax base erosion. Therefore, improving the taxation system in the digital economy is a multifaceted and continuous process that requires the integration of economic, legal and technological factors. Future reforms in this area will increase the transparency, fairness and efficiency of the tax system, while ensuring the sustainable development of the national economy.

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