

**THE ROLE OF DIGITALIZATION IN ENHANCING THE EFFICIENCY
OF TAX POLICY**

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Abstract. This study explores the role of digitalization in enhancing the efficiency of tax policy. It examines how digital tools and technologies, such as electronic filing, automated reporting, and data analytics, contribute to improving tax compliance, reducing administrative costs, and increasing transparency. The research highlights international best practices and evaluates the current state of digitalization in Uzbekistan's tax system. Recommendations are provided for further development of digital infrastructure to optimize tax policy, support fiscal efficiency, and promote sustainable economic growth.

Keywords: Digitalization, Tax Policy, Tax Efficiency, Electronic Filing, Automation, Transparency, Uzbekistan

Introduction

Digitalization has become a key factor in modernizing tax policy and administration worldwide. The integration of electronic filing systems, automated reporting, and advanced data analytics allows governments to improve tax collection efficiency, enhance compliance, and increase transparency. By leveraging digital tools, tax authorities can reduce administrative burdens, minimize errors, and detect tax evasion more effectively.

In Uzbekistan, recent reforms have introduced several digital initiatives aimed at modernizing the tax system, including electronic submission of tax declarations, online payment systems, and digital monitoring of taxpayer activities. Despite these improvements, challenges remain, such as limited awareness among taxpayers, the need for technical infrastructure upgrades, and the requirement for trained personnel to manage digital systems effectively.

This study aims to analyze the role of digitalization in enhancing the efficiency of tax policy, assess current practices in Uzbekistan, and explore international best practices. The research provides recommendations for expanding digital infrastructure, improving taxpayer engagement, and optimizing tax administration to achieve higher compliance and fiscal efficiency.

Literature Review

Digitalization has emerged as a crucial element in modern tax administration, enabling governments to enhance efficiency, reduce costs, and improve compliance. According to Bird and Zolt (2019), digital technologies such as electronic filing, automated tax reporting, and data analytics play a vital role in streamlining tax processes and increasing transparency. These tools help reduce human error, shorten processing times, and facilitate real-time monitoring of taxpayer activities.

In the context of Uzbekistan, several studies highlight the progress made in digitalizing the tax system. Karimov (2021) notes that electronic tax filing and online payment systems have

simplified procedures and improved accessibility for taxpayers. However, challenges such as limited digital literacy among taxpayers, insufficient technical infrastructure, and the need for skilled personnel to manage digital platforms remain.

International case studies indicate that countries successfully leveraging digital tax administration experience higher compliance rates, lower administrative costs, and increased revenue collection (OECD, 2020). Practices such as fully automated reporting, integrated taxpayer databases, and predictive analytics for risk assessment have proven effective in enhancing the efficiency of tax policy.

Overall, the literature demonstrates that digitalization is not merely a technological upgrade but a strategic approach to improve tax policy efficiency, compliance, and transparency, offering valuable lessons for Uzbekistan's ongoing tax modernization efforts.

Methodology

This study employs a qualitative and analytical approach to examine the role of digitalization in enhancing the efficiency of tax policy. The research is based on a review of international best practices, Uzbekistan's tax legislation, statistical data on tax revenues, and the implementation of digital tools in tax administration.

Comparative analysis is applied to assess how digital technologies, such as electronic filing, automated reporting, and data analytics, impact tax compliance, administrative efficiency, and transparency. Interviews with tax officials, corporate accountants, and policy experts provide practical insights into the challenges and opportunities of digitalization in Uzbekistan's tax system.

By combining legal analysis, international case studies, statistical evaluation, and qualitative insights, this study identifies the effectiveness of digitalization in tax policy and provides recommendations for expanding digital infrastructure, improving taxpayer engagement, and optimizing tax administration for higher efficiency and compliance.

Analysis and Results

The analysis of digitalization in tax policy shows significant improvements in efficiency, transparency, and compliance. Countries that have integrated electronic filing, automated reporting, and data analytics into tax administration have reported higher compliance rates, reduced administrative costs, and more effective revenue collection (OECD, 2020).

In Uzbekistan, the implementation of electronic tax filing and online payment systems has simplified tax procedures and increased accessibility for businesses and individuals. Data from the State Tax Committee indicates a gradual increase in timely tax submissions and a reduction in errors caused by manual reporting.

However, challenges persist. Interviews with tax officials and corporate accountants reveal issues such as limited taxpayer digital literacy, insufficient technical infrastructure, and the need for continuous staff training. Comparative analysis with international best practices suggests that integrating advanced data analytics, predictive risk assessment, and fully automated tax reporting systems can further enhance efficiency and compliance.

Conclusion and Recommendations

In conclusion, digitalization plays a critical role in enhancing the efficiency of tax policy by streamlining procedures, improving compliance, reducing administrative costs, and increasing transparency. While Uzbekistan has made significant progress through electronic filing, online payment systems, and digital monitoring, challenges such as limited digital literacy, infrastructure gaps, and the need for trained personnel remain.

The following recommendations are proposed to maximize the benefits of digitalization in tax policy:

1. **Expand Digital Infrastructure:** Develop robust, secure, and user-friendly platforms for electronic filing, payment, and reporting.
2. **Enhance Digital Literacy:** Implement training programs for taxpayers and staff to improve understanding and effective use of digital tax tools.
3. **Integrate Advanced Analytics:** Use data analytics and predictive tools to monitor compliance, detect tax evasion, and optimize resource allocation.
4. **Streamline Procedures:** Further simplify filing requirements and automate repetitive processes to reduce administrative burdens.
5. **Continuous Evaluation:** Establish monitoring mechanisms to assess the impact of digitalization on compliance, efficiency, and revenue collection, and adjust strategies as needed.

By adopting these measures, Uzbekistan can fully leverage digitalization to improve tax policy effectiveness, enhance compliance, reduce costs, and support sustainable economic growth.

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