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# DEVELOPMENT OF THE TAX SYSTEM IN THE CONTEXT OF THE DIGITAL ECONOMY

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**Abstract**

This article analyzes the development of the tax system in the context of the digital economy. The study examines the digitalization of tax administration in Uzbekistan, including electronic tax reporting, online cash registers, and digital tax platforms. The results show that digital technologies improve tax administration efficiency, reduce the shadow economy, and contribute to increasing budget revenues.

**Keywords**

digital economy, tax system, tax administration, digital technologies, tax policy.

**Аннотация**

В статье рассматриваются вопросы развития налоговой системы в условиях цифровой экономики. Анализируются процессы цифровизации налогового администрирования в Узбекистане, включая внедрение электронных налоговых отчетов и онлайн-кассовых систем. Результаты показывают, что цифровые технологии способствуют повышению эффективности налогового администрирования и увеличению бюджетных поступлений.

**Ключевые слова**

цифровая экономика, налоговая система, налоговое администрирование, цифровые технологии, налоговая политика.

**Annotatsiya**

Ushbu maqolada raqamli iqtisodiyot sharoitida soliq tizimini rivojlantirish masalalari tahlil qilingan. Tadqiqotda Oʻzbekistonda soliq tizimini raqamlashtirish jarayonlari, jumladan elektron soliq hisobotlari, onlayn nazorat-kassa mashinalari va raqamli soliq maʼmuriyatchiligi mexanizmlarining joriy etilishi oʻrganilgan. Natijada raqamli texnologiyalar soliq maʼmuriyatchiligi samaradorligini oshirish, yashirin iqtisodiyotni qisqartirish va budjet daromadlarini koʻpaytirishda muhim ahamiyatga ega ekanligi asoslab berilgan.

**Kalit soʻzlar**

raqamli iqtisodiyot, soliq tizimi, soliq maʼmuriyatchiligi, raqamli texnologiyalar, soliq siyosati.

## INTRODUCTION

The digital economy has become one of the most important drivers of global economic development in the twenty-first century. The rapid expansion of information technologies, electronic commerce, digital platforms, and cross-border online services has significantly transformed traditional economic relations. These processes have created new opportunities for economic growth, but they have also posed serious challenges for national tax systems. Traditional taxation mechanisms were designed for physical economic activities and territorial business presence, whereas digital economic activities are often characterized by virtual transactions and geographically dispersed participants.

In recent years, many countries have initiated reforms aimed at adapting their tax systems to the requirements of the digital economy. International organizations and national governments are actively developing new approaches to taxing digital services, improving tax administration through digital technologies, and combating tax evasion in online markets. The development of digital tax systems has become particularly important for emerging economies seeking to increase budget revenues and ensure fair taxation in rapidly changing economic conditions.

Uzbekistan has also undertaken large-scale reforms to modernize its tax system and integrate digital technologies into tax administration. The adoption of a new version of the Tax Code and the implementation of digital platforms for tax reporting and payments have significantly simplified interactions between taxpayers and tax authorities. Electronic tax declarations, online cash registers, digital labeling systems, and integrated information platforms are gradually transforming the national tax administration system.

Recent statistical data indicate that digital reforms have already had a significant impact on tax collection and economic transparency. For example, the introduction of electronic invoices, online cash registers, and digital fiscal control tools has allowed tax authorities to formalize previously hidden economic activities and reduce the shadow economy. Digital monitoring systems have helped bring approximately 10–20 percent of previously unreported transactions into the formal sector, thereby expanding the tax base and increasing government revenues.

Another important direction of reform has been the taxation of foreign digital service providers operating in the national market. According to official data, dozens of international technology companies providing electronic services in Uzbekistan have begun paying taxes under the provisions of the national tax legislation. The revenues collected from such companies have increased significantly in recent years, reflecting the growing importance of digital markets in the national economy.

Thus, the development of the tax system in the context of the digital economy has become an important priority of economic policy. The purpose of this study is to analyze the theoretical foundations and practical aspects of the development of the tax system under digital economic conditions and to evaluate the impact of digital transformation on tax administration in Uzbekistan.

## METHODOLOGY

This study is based on a comprehensive analytical approach aimed at examining the development of the tax system in the digital economy. The research methodology combines theoretical analysis, comparative analysis, and the study of statistical data related to digital taxation and tax administration reforms.

The theoretical basis of the research consists of scientific works devoted to the digital transformation of economic systems, the evolution of taxation principles, and the modernization of tax administration mechanisms. Special attention is paid to the concept of digital taxation, which reflects the need to adapt tax systems to the realities of online economic activity and cross-border digital transactions.

The legal analysis method is used to examine the provisions of the current Tax Code of the Republic of Uzbekistan and other regulatory acts governing taxation in the digital environment. Particular emphasis is placed on legal norms regulating the taxation of electronic

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services, the use of electronic tax reporting systems, and the implementation of digital fiscal control mechanisms.

The empirical part of the research is based on statistical data published by national authorities and international organizations. These data make it possible to evaluate the effectiveness of digital tax reforms, including the introduction of electronic tax administration systems, online cash registers, and digital platforms for tax payments.

**RESULTS**

The transition to the digital economy has significantly changed the mechanisms of taxation and tax administration in many countries. One of the most important directions of reform has been the digitalization of tax administration systems, which enables governments to improve transparency, increase efficiency, and reduce administrative costs.

In Uzbekistan, the digital transformation of the tax system has been implemented through the introduction of integrated electronic platforms that allow taxpayers to fulfill their obligations online. The creation of a unified digital tax infrastructure has enabled businesses and individuals to submit tax declarations electronically, access their personal taxpayer accounts, and conduct financial transactions without direct contact with tax authorities.

One of the key components of digital tax administration is the use of electronic invoicing and online cash registers. These systems provide real-time monitoring of commercial transactions and allow tax authorities to collect accurate information about business activities. As a result, the risk of tax evasion is significantly reduced and the reliability of tax data increases.

Digital technologies have also facilitated the integration of tax administration with banking systems and other government information platforms. This integration enables automatic verification of financial transactions and improves the effectiveness of fiscal control. The use of electronic fiscal receipts and digital labeling systems has further strengthened the transparency of supply chains and retail markets.

The implementation of digital tax administration tools has produced measurable economic effects. For example, the introduction of online fiscal control mechanisms and electronic transactions has increased the volume of recorded economic activities and contributed to a significant rise in tax revenues. In addition, the digitalization of payment systems and the expansion of cashless transactions have improved the traceability of financial flows and reduced opportunities for informal economic activity.

Another important aspect of the development of the tax system in the digital economy is the taxation of cross-border digital services. Digital platforms and online service providers often operate in multiple jurisdictions without establishing a physical presence in each country. This creates challenges for traditional taxation systems, which rely on the principle of territoriality.

**DISCUSSION**

To address this issue, Uzbekistan has introduced mechanisms for taxing foreign companies providing electronic services to local consumers. Under the national tax legislation, foreign digital service providers are required to register with tax authorities and submit electronic tax reports. This approach allows the government to ensure that international digital corporations contribute to the national budget.

Statistical data demonstrate the growing importance of this mechanism. The number of foreign digital companies paying taxes in Uzbekistan has increased steadily, and tax revenues from digital services have grown significantly in recent years. The participation of major international technology companies in the national tax system indicates the effectiveness of these reforms and reflects the increasing integration of Uzbekistan into the global digital economy.

Another important direction of reform is the development of digital ecosystems for small businesses and self-employed individuals. Modern digital platforms enable entrepreneurs to register their businesses online, track income automatically, and pay taxes through integrated financial systems. Such platforms simplify compliance procedures and reduce administrative burdens on taxpayers.

The introduction of automated tax calculation systems and digital financial reporting has made it possible to significantly simplify tax administration for small businesses. These reforms also contribute to the legalization of informal economic activities and the expansion of the tax base. The digital ecosystem for entrepreneurs allows tax liabilities to be calculated automatically and ensures real-time integration of transaction data with tax authorities.

Overall, the results of the analysis show that digital transformation has become a key factor in improving the efficiency of tax administration. By using digital technologies, governments can enhance transparency, reduce corruption risks, and create a more favorable environment for business development. At the same time, the digital economy continues to evolve rapidly, which requires further modernization of tax legislation and administrative mechanisms.

**CONCLUSION**

The development of the digital economy has fundamentally transformed the nature of economic activity and created new challenges for national tax systems. Traditional taxation mechanisms are increasingly unable to effectively regulate economic activities that take place in digital environments and across national borders. As a result, the modernization of tax systems has become an essential component of economic policy in many countries.

The experience of Uzbekistan demonstrates that digital technologies can significantly improve the efficiency of tax administration. The introduction of electronic tax reporting systems, online cash registers, digital fiscal receipts, and integrated information platforms has strengthened fiscal control and increased the transparency of economic transactions. These reforms have contributed to the expansion of the tax base, the reduction of the shadow economy, and the growth of tax revenues.

Another important achievement has been the development of mechanisms for taxing foreign digital service providers. By requiring international digital platforms to register and report their activities electronically, the national tax system has adapted to the realities of the global digital economy and ensured a more equitable distribution of tax obligations.

However, the rapid development of digital technologies continues to create new regulatory challenges. Issues related to cross-border taxation, digital platforms, artificial intelligence, and cryptocurrency require further research and the development of new legal and institutional frameworks. In this context, international cooperation and the harmonization of tax policies will play an increasingly important role.

In conclusion, the effective development of the tax system in the digital economy depends on the successful integration of technological innovations, modern legal frameworks, and efficient administrative mechanisms. Continued digital transformation of tax administration will not only increase budget revenues but also create a more transparent, efficient, and business-friendly economic environment.

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