

## TAXATION MECHANISMS FOR INDIVIDUALS EARNING INCOME THROUGH SOCIAL MEDIA PLATFORMS

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**Abstract.** The rapid expansion of digital technologies has led to the emergence of new forms of income generation through social media platforms. Bloggers, influencers, and digital content creators are increasingly becoming participants in economic activity, generating income from advertising, sponsorship, and platform monetization. This study analyzes the mechanisms for taxing individuals earning income through social media platforms within the framework of the current tax legislation of the Republic of Uzbekistan. The research examines the legal basis of taxation, identifies existing administrative challenges, and evaluates possible improvements to the taxation system in the digital economy.

**Keywords:** digital economy, social media income, influencers, taxation mechanisms, tax administration, Uzbekistan.

**Annotatsiya.** Raqamli texnologiyalarning jadal rivojlanishi natijasida ijtimoiy tarmoqlar orqali daromad olishning yangi shakllari paydo bo'ldi. Blogerlar, influencerlar va raqamli kontent yaratuvchilari reklama, homiylik va platforma monetizatsiyasi orqali daromad olish orqali iqtisodiy faoliyat subyektlariga aylanmoqda. Ushbu tadqiqotda O'zbekiston Respublikasining amaldagi soliq qonunchiligi doirasida ijtimoiy tarmoqlar orqali daromad oluvchi jismoniy shaxslarni soliqqa tortish mexanizmlari tahlil qilinadi. Tadqiqot soliq solishning huquqiy asoslarini o'rganadi, mavjud ma'muriy muammolarni aniqlaydi hamda raqamli iqtisodiyot sharoitida soliq tizimini takomillashtirish yo'nalishlarini baholaydi.

**Kalit so'zlar:** raqamli iqtisodiyot, ijtimoiy tarmoqlar daromadi, blogerlar, soliq mexanizmlari, soliq ma'murchiligi, O'zbekiston.

**Аннотация.** Стремительное развитие цифровых технологий привело к появлению новых форм получения доходов через социальные сети. Блогеры, инфлюенсеры и создатели цифрового контента становятся участниками экономической деятельности, получая доходы от рекламы, спонсорства и монетизации платформ. В данном исследовании анализируются механизмы налогообложения физических лиц, получающих доходы через социальные сети, в рамках действующего налогового законодательства Республики Узбекистан. В работе рассматриваются правовые основы налогообложения, выявляются существующие административные проблемы и оцениваются возможные направления совершенствования налоговой системы в условиях цифровой экономики.

**Ключевые слова:** цифровая экономика, доходы из социальных сетей, блогеры, механизмы налогообложения, налоговое администрирование, Узбекистан.

### INTRODUCTION

The digital transformation of the global economy has significantly changed the traditional forms of labor and entrepreneurship. Social media platforms have evolved from simple communication tools into powerful economic ecosystems that enable individuals to generate substantial income through content creation, advertising, affiliate marketing, and online services.

This phenomenon has given rise to a new category of economic actors commonly referred to as bloggers, influencers, and digital content creators.

In Uzbekistan, the number of individuals generating income through social media platforms has increased rapidly in recent years. According to the State Tax Committee, the country already has more than two thousand active bloggers, and a significant share of their income remains in the informal sector of the economy. The rapid growth of this sector creates challenges for tax authorities in terms of identifying taxable income, monitoring financial flows, and ensuring tax compliance. The Tax Code of the Republic of Uzbekistan establishes the fundamental principles of taxation for individuals, including income derived from entrepreneurial and professional activities. Under the current tax legislation, all forms of income received by individuals are subject to taxation unless explicitly exempted by law. However, social media income often falls into ambiguous categories because it may involve advertising revenue, sponsorship payments, royalties, or service contracts.

Another important aspect of the digital economy is the blurred boundary between hobby activities and professional entrepreneurship. Many individuals initially engage in social media activities for personal purposes but later begin generating income through brand collaborations or advertising placements. As a result, these activities gradually transform into economic activity subject to taxation. Recognizing these challenges, the government of Uzbekistan has begun developing legal mechanisms to regulate the activities of bloggers and influencers. Proposed regulatory initiatives aim to introduce clearer definitions of bloggers and influencers, as well as requirements for transparency in advertising and income declaration.

Given the growing importance of the digital economy, developing effective taxation mechanisms for social media income has become a crucial component of modern fiscal policy. The objective of this study is to analyze the existing taxation framework for individuals earning income through social media platforms and to identify potential directions for improving tax administration in this sector.

#### **LITERATURE REVIEW**

The rapid development of the digital economy has significantly influenced the structure of global labor markets and income generation mechanisms. According to research in digital economics, social media platforms have created new opportunities for individuals to generate income through digital content production, online advertising, and affiliate marketing. Scholars emphasize that these activities represent a new form of digital entrepreneurship that requires modern regulatory and taxation frameworks. Several studies highlight that traditional tax systems were designed for physical economic activities and therefore face difficulties in addressing digital income streams. According to OECD research on the taxation of the digital economy, the emergence of digital platforms has created challenges related to the identification of taxpayers, determination of tax jurisdiction, and classification of digital income. These challenges become more significant when individuals earn income through global platforms that operate across multiple jurisdictions.

Academic literature also emphasizes the importance of transparency and digital monitoring mechanisms in improving tax compliance among online content creators. Researchers argue that many bloggers and influencers initially engage in social media activities informally and only later begin generating significant income through advertising contracts and brand partnerships. Without effective regulatory frameworks, a large portion of this income may remain outside the formal tax system. Studies conducted by international financial institutions suggest that simplified tax regimes and voluntary registration mechanisms can significantly increase compliance among digital entrepreneurs. Such policies are particularly effective in developing

economies where the digital sector is expanding rapidly but institutional regulation is still evolving.

In the context of Uzbekistan, research on digital taxation is still developing. However, recent studies by national economists highlight the growing role of bloggers and social media influencers in the country's digital economy. The State Tax Committee has also emphasized the need to integrate digital income sources into the formal tax system by improving taxpayer registration procedures and expanding digital tax administration tools. The literature also indicates that international practice increasingly recognizes bloggers and influencers as independent economic actors whose activities should be regulated similarly to small businesses or self-employed individuals. Therefore, the taxation of social media income should be based on principles of fairness, transparency, and technological adaptability.

### **METHODOLOGY**

This research is based on a comprehensive methodological framework combining legal analysis, comparative analysis, and economic evaluation. The primary method used in this study is the analysis of legislative documents regulating taxation in the Republic of Uzbekistan, including the current Tax Code and relevant governmental resolutions. Normative legal analysis was applied to examine the legal status of individuals earning income through digital platforms and to determine the applicable tax regimes. Particular attention was given to provisions regulating personal income tax, turnover tax for individual entrepreneurs, and taxation of self-employed persons.

Comparative analysis was also employed to examine international practices in regulating the taxation of digital economy participants, especially bloggers and influencers. This method allowed the identification of regulatory approaches that could potentially be adopted in Uzbekistan to improve tax administration.

In addition, statistical data from national institutions and official reports were used to assess the scale of the digital content creation sector and its potential contribution to tax revenues. Qualitative analysis of policy discussions and institutional initiatives related to digital taxation was conducted to evaluate the effectiveness of existing mechanisms.

The research methodology also includes analytical interpretation of economic processes associated with digital platforms, including advertising revenue models, monetization mechanisms, and cross-border financial transactions. These elements are important in understanding the complexity of taxation in the digital environment.

### **RESULTS**

The analysis of Uzbekistan's tax legislation shows that individuals earning income through social media platforms may fall under several taxation regimes depending on the nature and scale of their activities. One of the most common forms of taxation is the personal income tax regime applied to individuals receiving payments under civil contracts or for professional services. In Uzbekistan, the standard personal income tax rate for individuals is twelve percent, which applies to most types of taxable income. If social media activities generate systematic and significant income, the individual may be required to register as an individual entrepreneur or self-employed person. Under the current tax framework, individuals with annual turnover below a specified threshold may apply a simplified taxation regime. From 2026, individual entrepreneurs and self-employed persons with annual turnover not exceeding one billion soums may pay a turnover tax at a rate of approximately one percent.

Income obtained through social media platforms may take several forms, including advertising revenue from brand partnerships, affiliate marketing commissions, platform monetization payments such as video advertising revenue, and royalties from intellectual property rights. Each of these income types may have different tax implications depending on the

contractual structure and the legal status of the taxpayer. Another important mechanism is the requirement for taxpayer registration and income declaration. According to the Tax Code, individuals engaged in economic activities must register with the tax authorities and report their income accordingly. This requirement applies regardless of whether the activity is conducted offline or through digital platforms.

However, the results of the analysis indicate that tax administration faces several challenges in effectively monitoring social media income. These challenges include the difficulty of identifying unregistered income sources, cross-border payment systems used by international platforms, and the absence of clear classification rules for digital content creators. Furthermore, a large share of income generated by bloggers remains outside formal economic reporting systems. This situation reduces potential tax revenues and creates unequal conditions between traditional businesses and digital entrepreneurs.

### **DISCUSSION**

The findings of this study highlight several important issues in the taxation of social media income. First, the current tax framework in Uzbekistan provides general rules that can theoretically cover income earned through digital platforms. However, these rules were originally designed for traditional forms of economic activity and may not fully reflect the specific characteristics of the digital economy. One of the main problems is the identification of taxable income generated through international digital platforms. Many social media companies operate outside the jurisdiction of national tax authorities, which complicates the monitoring of financial transactions between content creators and global platforms.

Another important issue is the classification of social media income. Depending on the circumstances, such income may be considered business income, professional income, or royalty payments related to intellectual property. The absence of a unified classification system may lead to inconsistent tax treatment and administrative difficulties. International experience shows that many countries are introducing specialized regulations for digital content creators, including mandatory registration systems, simplified tax regimes, and digital monitoring technologies. These mechanisms aim to improve tax compliance while minimizing administrative burdens for small digital entrepreneurs. For Uzbekistan, the development of an effective taxation system for social media income should focus on several key areas. First, it is necessary to establish clear legal definitions of bloggers, influencers, and digital content creators. Second, the tax administration system should incorporate digital monitoring tools capable of tracking income flows from international platforms.

Another important direction is the introduction of simplified tax regimes that encourage voluntary registration and compliance among digital entrepreneurs. Such policies may help integrate informal digital activities into the formal economy while maintaining a supportive environment for innovation and entrepreneurship. Finally, increased cooperation between tax authorities, digital platforms, and financial institutions can improve transparency and reduce the risks of tax evasion in the rapidly growing digital economy.

### **CONCLUSION**

The expansion of social media platforms has created new opportunities for individuals to generate income through digital content creation and online marketing. As a result, the taxation of social media income has become an important issue for modern fiscal policy. The analysis shows that the current tax legislation of Uzbekistan provides a general framework for taxing such income through personal income tax and simplified regimes for individual entrepreneurs. However, the specific characteristics of digital economic activities require additional regulatory mechanisms to ensure effective tax administration.

The study demonstrates that the main challenges in this area include difficulties in identifying taxable income, cross-border financial transactions, and the lack of clear legal definitions for digital content creators. Addressing these challenges requires the development of specialized regulatory approaches and the adoption of modern digital monitoring tools. Strengthening the taxation system for social media income will not only increase budget revenues but also contribute to the formalization of digital economic activities and the creation of fair competitive conditions between traditional businesses and digital entrepreneurs.

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