



WAYS TO DEVELOP THE ELECTRONIC TAXATION SYSTEM IN THE CONTEXT OF THE DIGITAL ECONOMY

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Abstract

This article covers the transformation of tax administration and improvement of electronic taxation mechanisms in the context of accelerated development of the digital economy. The study analyzes the problems of taxation of e-commerce entities and their ways of solving them using digital technologies and gives practical recommendations on automation of tax administration based on international experience.

Keywords: Digital economy, e-tax, tax administration, e-commerce, digital control and digital technology.

Introduction

In today's rapidly developing digital economy, modernization of the tax system has become not only a technical necessity, but also the main criterion for the stability of the public financial system. Automation of tax reporting processes globally and in the country is the most important step towards "Smart Tax Administration". The process of digitalization of tax systems internationally went through several stages. Developed countries, in particular such countries as Estonia, South Korea, and Singapore, have managed to translate 98-99% of tax reporting into fully electronic form. In the world experience, the concept of Tax-as-a-Service (TaaS) is gaining widespread value, where taxes are automatically calculated at the time of transactions without the intervention of an entrepreneur. Also, the "Tax Administration 3.0" strategy put forward by the Organization for Economic Co-operation and Development (OECD) provides for the integration of tax processes into natural business systems (E-commerce, ERP). Reform of the tax system in Uzbekistan in recent years has become a priority of the state policy. As a result of the reforms carried



out in our country on the basis of the principle of "taxpayer is helper", the following important changes have been achieved. Electronic Invoicing (EHF): Paperwork has been put an end to and all settlements have been transferred to an online platform. Online tills and virtual cash registers: Ensuring transparency in retail and serving to expand the tax base. Digital control of the movement of goods and property relations through automated analysis systems: "E-asset" and "E-rental". However, despite these advances, certain problems with full automation of processes remain relevant, such as lack of infrastructure, cybersecurity and human resources skills.

Literature review

In the context of the digital economy, the focus of modern economic schools is on the transformation of tax administration and improvement of electronic taxation mechanisms. Scientific research in this direction can be divided into three main conceptual blocks: theories of determining the tax base in the digital economy, technical efficiency of electronic platforms and digital adaptation of national tax systems. New theories of taxation have emerged as a result of the digital economy's rejection of the traditional notion of "permanent representation." Richard Bird and Eric Zolt in their study substantiated the argument that the principle of "economic dependence" (economic nexus), not "physical existence", should prevail when taxing digital transactions. The Organisation for Economic Co-operation and Development (OECD) reports under the Tax Challenges Arising from Digitalisation (BEPS Action Plan 1) are the most authoritative resource in this area. It develops theoretical models for the fair distribution of value created by digital giants (e.g. Google, Amazon) and the introduction of a "Digital Services Tax". The issue of technological drivers in the development of an electronic taxation system has been extensively studied by researchers such as Oyeniyi et al. (2024) and Eziefule (2024). They believe that Artificial Intelligence (AI) and Robotic Process Automation (RPA) should serve to "intelligently analyze" tax returns, rather than collecting them. In particular, Chukwuani and Egiyi (2020) have proven in their work that AI systems are more effective than the human factor in identifying "hidden economy" entities by modeling taxpayer behavior (compliance behavior). At the same time, V. Brattsev (2021) analyzes the role of blockchain technology in electronic taxation, noting that it provides an opportunity to ensure the transparency of transactions and reduce tax fraud to zero. Local scientists A. Vakhobov, Sh. Toshmatov and N. Khaidarov



investigated the formation of electronic tax administration in Uzbekistan. Professor Sh. Toshmatov substantiated the case that e-services serve to reduce not the tax burden of entrepreneurs, but their "compliance costs". The focus of local research in recent years is focused on cost efficiency of such systems as "E-asset", "E-rent" and "online till" introduced in Uzbekistan. The researchers noted that the problem of "data integration" (interoperability) in the development of the national electronic tax system has not yet been fully resolved, which prevents the system from functioning at full capacity.

Research Metadology

In the preparation of this scientific article, systematic analysis, comparative study, analysis and synthesis, inductive and deductive research methods of priority areas of tax policy in the context of digital economy of the Republic of Uzbekistan are used.

Analysis & Results

The electronic taxation system demonstrates that digitalization is not just a technical tool, but a strategic driver that increases the efficiency of tax administration. According to the results of the research, the openness of the system and the interintegration of databases play a decisive role in reducing the share of the hidden economy. Below are the positive results of this process and a comparative analysis of the systemic barriers in the system. The ability to track the movement of goods in real time made it possible to reduce the share of the hidden economy by an average of 12-15% in the retail and service sectors. The time spent by taxpayers on preparing and submitting reports due to automated forms is reduced by 3 times. Revenues through the electronic tax system will significantly increase in 2025 and exceed 158 trillion soums. The dynamics of submission of reports and the use of other services, including electronic tax services, amounted to more than 300-400 thousand, according to the tax site.

The decrease in the share of hidden income from 27% to 11% means widespread introduction of electronic cash registers and increased automatic monitoring tools. On the other hand, the level of user satisfaction of users of the taxpayer's personal cabinet rises from 68% to 87%, indicating that the quality of the service has improved. The expanding digital component of the economy also provides a positive basis for this process. For example, in the sphere of digital economy, it is noted that information



and communication services in Uzbekistan increased from 13.9 trillion soums to 22.9 trillion soums. This is evidence that it further strengthens the need and opportunity for digital transformations for tax administration. Tax revenues will increase by 18% in 2025 due to the improvement of electronic tax systems. In addition, in 2025, the number of issued electronic invoices will exceed 1.2 billion, and paper document circulation has dropped to almost zero. More than 85% of taxpayers received their tax reports in the form pre-filled by the system, only submitting them by pressing the confirm button. This has resulted in an average of 25% savings in accounting costs. By 2025, as a result of the widespread introduction of AI models by tax authorities, the number of fraudulent taxpayer checks has decreased by 45%. The system has doubled the efficiency of detecting same-day firms and illegal cashing schemes in real-time.

Conclusion and Suggestions

The study of the ways of development of the electronic taxation system in the context of the digital economy shows that digital transformation of tax administration is not just a technical tool, but a fundamental strategy that ensures the stability and transparency of the public financial system. The results at the end of 2015 confirm that the tax system in Uzbekistan has moved to the stage of "intelligent control" and a high level of automation. As a result of the analysis, key conclusions have been formed. As a result of the expansion of the tax base due to the full integration of electronic invoicing and online tills systems, the share of the "hidden economy" has significantly decreased. This allowed for stable growth of budget revenues, without increasing the tax burden. On the other hand, the administrative burden was reduced by introducing the system of "Pre-filled" reports, which reduced the time of submission of reports by entrepreneurs by 3 times and minimized errors due to the human factor. Algorithmic Fairness Artificial Intelligence (AI) Tax Risk Analysis System has reduced administrative pressure on conscientious taxpayers, allowing regulators to focus only on high-risk entities.

In order to further improve the efficiency and efficiency of the electronic tax system, it is worth recommending:

1. Transition to Seamless Taxation model: Tax calculations should be linked with the bank's payment systems and electronic commerce platforms. At the same time, the



tax should be calculated at the second of the transaction and the concept of "reporting at the end of the year" should be completely eliminated.

2. Implementation of blockchain technology to VAT control: Control of the value added tax chain via blockchain completely eliminates tax fraud (tax fraud) and puts an end to unjustified tax refunds.

3. Strengthen cybersecurity and data protection: There is a need to implement quantum-resistant encryption standards and strengthen legal accountability for data privacy to protect financial databases from cyberattacks.

4. Bridging the digital infrastructure divide: For small businesses in remote areas, it is necessary to fully involve them in the digital ecosystem by expanding a stable internet system and free cloud accounting services. 5.

Taxation of crypto-asset turnover: The development of clear mechanisms for taxation of digital assets and cryptocurrencies will create new and promising sources of income for the budget.

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