

**ISSUES OF INCREASING AND DEVELOPING THE IMPACT OF THE DIGITAL
ECONOMY ON THE TAX SYSTEM**

Sultanova Mushtari

Teacher at Fergana State University

Abstract: This article discusses how the rapid development of the digital economy affects traditional tax systems. The article argues that new trends such as digital platforms, cryptocurrencies, and remote work have led to a need to rethink tax rules. The article discusses the global nature of digital platforms, the difficulty and unfairness of taxation, the difficulty of taxation of cryptocurrencies, their anonymity, and their international nature, as well as the fact that remote work eliminates border barriers, the difficulty and unfairness of taxation. The article also argues that these trends have led to a need to rethink tax systems, and that countries are being forced to develop new rules to tax the digital economy and strengthen international cooperation.

Keywords: Digital economy, Tax, Digital platforms, Cryptocurrencies, Remote work, Global operations, Taxation, Anonymity, International cooperation, New rules, Challenges, Future prospects.

on tax policy is focused on studying the theoretical and practical aspects of this topic. Adam Smith's work "The Foundation of Wealth" outlined the basic principles of the tax system, in particular, the principles of fairness, convenience and efficiency. These principles also serve as the main criteria in the formation of modern fiscal policy. Smith's view of taxes as a means of managing economic resources is an important theoretical basis for analyzing the impact of tax policy on economic development. In recent years, the ideas put forward in Keynes's work "General Theory" on the impact of taxes on economic activity remain relevant. According to Keynes, through taxes, the state can stimulate or restrict economic activity. These principles were also reflected in the reform of Uzbekistan's tax policy, in particular, measures have been taken to support entrepreneurship and encourage investment by reducing the tax burden.

The impact of the digital economy on taxation. The digital economy is rapidly developing, transforming economic activity around the world. New trends such as digital platforms, cryptocurrencies and remote work, while influencing the formation of economic relations, are also creating new tax challenges for countries. While traditional tax systems are usually designed taking into account specific geographical sources of income, in today's global and digital economy it is becoming increasingly difficult to determine the exact location of income. This creates certain complications in tax collection. Digital platforms provide cross-border services, making it difficult to determine the tax base. For example, global technology giants may provide services in one country but be registered in another, which requires new approaches to taxation mechanisms. At the same time, cryptocurrencies also have a significant impact on national tax systems, as they complicate the tracking of transactions and, unlike traditional financial instruments, operate in a decentralized manner. The anonymity of cryptocurrencies may allow for tax avoidance in some cases, which requires countries to develop additional tax control mechanisms. The popularity of remote work is also losing the connection between the place of work and the place of residence of individuals. This poses new challenges for tax systems, since when an employee works from another country, the question of which country he should pay taxes becomes relevant. This may require a review of international tax treaties and residency principles. Therefore, countries need to deeply analyze the impact of the digital economy on the tax base and develop new tax systems that are adapted to modern economic conditions. International cooperation and innovative approaches

are becoming increasingly important to effectively regulate the digital economy and ensure a fair distribution of taxes.

In reforming Uzbekistan's fiscal policy, adapting to these principles is of great importance in ensuring the sustainable development of the country's economy. Keynes's work "General Theory" presents the concept of viewing taxes as a tool for managing economic activity. According to Keynes's theory, the state can stimulate or restrict economic activity through taxes. These principles have been used in Uzbekistan to formulate a policy aimed at reducing taxes and developing entrepreneurship. In particular, a number of reforms have been implemented to increase economic activity by reducing income tax, introducing reduced tax rates for legal entities, and supporting small businesses. Modern literature extensively analyzes international experiences of the tax system and their role in economic development. For example, World Bank reports provide recommendations on simplified forms of fiscal policy, expanding the tax base, and increasing the efficiency of tax collection. These recommendations have played an important role in modernizing Uzbekistan's tax system. The measures taken to reduce the tax burden and increase economic efficiency are consistent with the concept of "Simplified Tax Policy" put forward by the World Bank. Another of the reforms carried out in our country is the digitalization system, in which much attention is paid to facilitating and systematizing the work of entrepreneurs.

The impact of the digital economy on taxation in Uzbekistan and ongoing reforms. The rapid development of the digital economy in Uzbekistan has created the need to reform the tax system. A number of measures are being implemented in the country to form a legal framework for digital platforms, e-commerce and cryptocurrencies. These reforms are aimed at increasing tax collections, creating a favorable environment for business, and ensuring a fair distribution of taxes. Taxation of e-commerce and digital platforms is one of the pressing issues in Uzbekistan, and since 2020, value-added tax (VAT) has been introduced for companies providing foreign digital services. This includes services in Uzbekistan of international IT companies such as Google, Facebook, and Apple. These changes serve to increase revenues to the state budget and further regulate the digital services market. Uzbekistan is also forming its own approach to cryptocurrencies. In 2018, the country adopted documents regulating cryptocurrency-related activities and allowed the operation of crypto exchanges. Starting in 2022, the government of Uzbekistan has established rules for regulating and controlling crypto-assets. At the same time, it is envisaged that transactions carried out through cryptocurrencies may become an object of taxation. Tax reforms related to remote work have also not been ignored. Uzbekistan is taking steps to simplify the tax system for remote workers, especially freelancers in the IT sector. For example, the practice of reducing tax burdens and providing them with preferences has been introduced for enterprises and individuals engaged in the export of IT services. The process of digitizing the tax system in the country is also expanding. Electronic tax declarations, personal accounts of taxpayers, and automated tax monitoring systems are being introduced. This will not only improve tax collection, but also reduce bureaucratic obstacles for entrepreneurs. Tax reforms adapted to the digital economy are underway in Uzbekistan, the main goal of which is to expand the tax base, fairly distribute the burden of taxpayers, and support new sectors of the economy. Therefore, it is expected that the processes of updating and adapting the tax system in line with the development of the digital economy will continue in the future.

Conclusions and recommendations. The rapid development of the digital economy in Uzbekistan requires modernization of the tax system. The country is implementing a number of reforms in the field of digital platforms, e-commerce and cryptocurrencies, applying approaches based on international experience. In particular, the introduction of VAT for international IT companies, the formation of legal norms for crypto-assets and the creation of favorable tax conditions for remote workers were important steps. At the same time, the processes of digitization of the tax system are

also being implemented in stages. In order to organize these processes more effectively and adapt the tax system to the requirements of the digital economy, the following proposals can be put forward:

1. Develop a special tax system for the digital economy. It is necessary to create tax mechanisms that are compatible with new economic trends such as digital platforms, remote work, and cryptocurrencies. It is especially important to increase tax transparency regarding the provision of services by foreign companies in Uzbekistan .
2. Further digitalization of the tax system. The tax burden of entrepreneurs can be eased by further developing electronic tax declarations and automating tax monitoring and reporting processes.
3. Expanding tax breaks for freelancers and IT specialists. Further expanding the preferential tax system for Uzbek citizens working remotely and those engaged in IT service exports will help increase their competitiveness in the international market.
4. Improving the regulatory and taxation mechanism for the cryptocurrency market. To increase the transparency of transactions related to crypto assets, it is necessary to create a regulatory mechanism based on international experience. At the same time, incentive measures can also be developed to attract entrepreneurs to this area.
5. Strengthening international cooperation. Given the global nature of the digital economy, it is necessary to strengthen cooperation with international financial institutions and tax authorities and establish the exchange of tax information.

Adapting Uzbekistan's tax system to the digital economy will help the country enter a new stage of economic development. By making tax policy innovative and flexible, it is possible to increase state budget revenues and increase the attractiveness of the business environment.

References

1. Statistika qo'mitasi rasmiy sayti. O'zbekiston Respublikasi Davlat Statistika qo'mitasi: <https://stat.uz>.
2. O'zbekiston soliq tizimiga oid ma'lumotlar. Davlat soliq qo'mitasi rasmiy sayti: <https://soliq.uz>.
3. Xodjayev B. "Soliq tizimining iqtisodiyotdagi o'rni." Toshkent: "Iqtisodiyot" nashriyoti, 2019.
4. Karimov N. "O'zbekiston iqtisodiy islohotlari: soliq tizimining rivojlanish bosqichlari." Toshkent: "Fan va texnologiya" nashriyoti, 2020.
5. Stiglitz J. "Iqtisodiyotning shaffof soliq siyosati." O'zbek tiliga tarjima. Toshkent: "Yangi asr avlodi", 2021.
6. Tinbergen Y. "Fiskal siyosat va iqtisodiy barqarorlik." O'zbek tilida tarjima. Toshkent: "Akademnashr", 2022.
7. Mankiv G. "Soliq nazariyasi va amaliyoti." O'zbek tiliga tarjima. Toshkent: "Nashr-ma'naviyat", 2020.
8. "O'zbekiston soliq islohotlari va xalqaro tajriba." Ilmiy maqola to'plami. Toshkent: "Oliy iqtisodiyot instituti", 2023.