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TAX POLICY IN THE DIGITAL ECONOMY IN THE REPUBLIC OF UZBEKISTAN AND ITS IMPACT ON THE MECHANISM OF INDIRECT TAXES

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Abstract

This article examines the impact of tax policies implemented in the tax sector in the context of the digital economy on the mechanisms for accounting for indirect taxes in the tax system.

Keywords: Digital economy, tax system, tax control, tax administration, indirect taxes, electronic and digital taxation.

Introduction

In many countries of the world, including our country, indirect taxes play an important role in the modern tax system, their advantage lies in their significant fiscal potential. The best practice for preventing indirect tax evasion in the tax systems of foreign countries today is to use the opportunities of the digital economy.

The digitalization of the economy and the digitalization of tax administration directly affects the mechanism of all types of taxes, including indirect taxes.

The formation of the digital economy and its widespread implementation are important for ensuring the sustainability of economic growth and increasing the practical effectiveness of reforms. In this regard, the following thoughts of the President of the Republic of Uzbekistan Shavkat Mirziyoyev can be cited: "An active transition to the digital economy will be one of our main priorities in the next 5 years. Digital technologies will not only improve the quality of products and services, but also reduce unnecessary costs. In addition, they are an effective tool in eliminating the most serious problem that worries and worries me the most – corruption."[1]

The adoption of Decree of the President of the Republic of Uzbekistan No. UP-6079 dated October 5, 2020 "On approval of the Digital Uzbekistan 2030 Strategy and measures for its effective implementation" determined the strategy of transition to the digital economy in our country [2]. The Digital Uzbekistan 2030 strategy directly entails the need to adapt tax control to the requirements of the digital economy.

According to data for 2021, the share of the digital economy in Uzbekistan's GDP was 1.6%, the United States – 9.3%, China – 3.8%, India – 8%. By 2025, the global digital economy will reach $23 trillion, and its share in global GDP will increase from the current 17.1% to 24.3% [7].

The Russian Federation is actively investing in new information technologies, which are the basis of digitalization. Investments in IT development in the country increased from 384.3 billion rubles to 521.9 billion rubles in 2022. At the same time, the volume of investments should increase by 400% by 2030 [8].

In the context of the development of the digital economy in our country, it is necessary to improve the tax system and adapt tax administration to the requirements of the digital economy in order to prevent violations of legislation, reduce the tax base and eliminate tax evasion.

The Roadmap for the implementation of the Strategy for Improving Tax Administration[3] was also approved by Decree of the President of the Republic of Uzbekistan dated July 10, 2019 No. PP-4389 "On additional measures to improve tax administration".

Analysis of the literature on the topic

In the context of the digitalization of the economy, tax administration is based on the widespread introduction and use of various digital information and communication technologies that allow analyzing and comparing data on taxpayers' performance of tax obligations, collecting additional payments to the budget in the form of additional taxes, fines and penalties, thereby preventing or minimizing violations of tax legislation.

Regarding the need for digitalization of tax administration, S. Gupta states the following: "Digitalization is changing the activities of tax administrations and contributes to improving the efficiency of processes and the provision of services. A striking example is the introduction of electronic invoicing (e-invoicing), which allows for the automatic transfer of payment information between companies and the tax authority" [9].

F.I. Isaev “When introducing the digital economy into the tax system:

– sheds light on a wide range of tax evasion schemes used by large corporations, which causes a heated public discussion about the need for fair taxation.;

– It allows you to quickly analyze financial, statistical and tax reports of business entities.;

– When conducting analytical work, it quickly processes data based on the necessary reports and simplifies the formation of conclusions.;

– provides an objective assessment of the activities of any business entity;

– although user data is currently at the center of the discussion, the digitalization of the economy will help transform a wide range of data into intelligent data in the near future" [10].

Digitalization not only implies the emergence of new taxable objects, but also creates additional opportunities in terms of simplifying the processes of interaction between tax administrations and taxpayers.

In Europe, work is underway to improve tax administration through digitalization. A single reporting standard has been introduced in some European countries. The single SAF-T (Standard Audit File for Tax) reporting Standard, developed by the OECD (Organization for Economic Cooperation and Development), is being actively implemented in various countries of the European Union. For example, in 2020, this single standard was introduced by Norway [11].

The implementation of the SAF-T system will allow tax authorities to collect more information, which will lead to an increase in VAT collection and a reduction in VAT loopholes. We consider it advisable to use the experience of European countries in applying the unified tax reporting standard SAF-T (Standard Audit File for Tax) in our practice.

SAF-T is an international standard that allows organizations to exchange reliable accounting information with national tax authorities or external auditors electronically. It is designed to ensure an efficient and consistent exchange of tax information between companies and tax authorities.

Also, the introduction of Australian and American experience in the field of taxation of transactions with cryptocurrencies into the activities of the State Tax Committee of the Republic of Uzbekistan will allow it to keep records of taxpayers using cryptocurrencies in their financial schemes [12]. To do this, it is necessary to make appropriate amendments and additions to the Tax Code of the Republic of Uzbekistan and other regulatory documents on taxation of cryptocurrencies.

When introducing modern information and communication technologies into tax administration, it is necessary to study the market situation as a result of processing data generated using "online cash registers", "electronic invoices" and other centralized systems, take control of the value added tax chain, track the movement of goods and services in the economy, expand the scope of using the taxpayer's personal account.

H.H.Nasrullayev expresses the following provisions on the digitalization of tax administration: "The informatization of the tax system means the widespread introduction of digital technologies into tax administration processes, a sharp reduction in the human factor, and the provision to taxpayers of information services necessary to comply with tax legislation through transparent and effective mechanisms" [13].

The introduction of digitalization in the tax sphere has its positive aspects. The formation of the digital economy in our country and its widespread implementation require improvement of the methodology of direct accounting and tax accounting.

Among the important factors contributing to the digital transformation of the tax system are universal forms of tax returns, a high level of tax culture and tough measures to combat the shadow economy.

S. Sinelnikov-Murylev, N. Milogonov and A. Berberov note the process of digitalization of tax administration as follows: "Digitalization of tax administration will effectively combat tax evasion, increase the reliability of tax rules, and increase revenues. This will ensure the sustainability of public finances with minimal management costs. On the business side, digitalization of tax calculation and payment processes will increase transparency and reduce the cost of maintenance of company management processes" [14].

Research Methodology

The methodology of our research is based on the consideration of economic relations in tax policy and indirect taxes. The theoretical foundations of the digitalization of tax administration are summarized and the issues of improving its accounting are studied. In the course of the research, such methods as comparison and grouping of practical material were used, conclusions and suggestions were developed.

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Analysis and Main Results

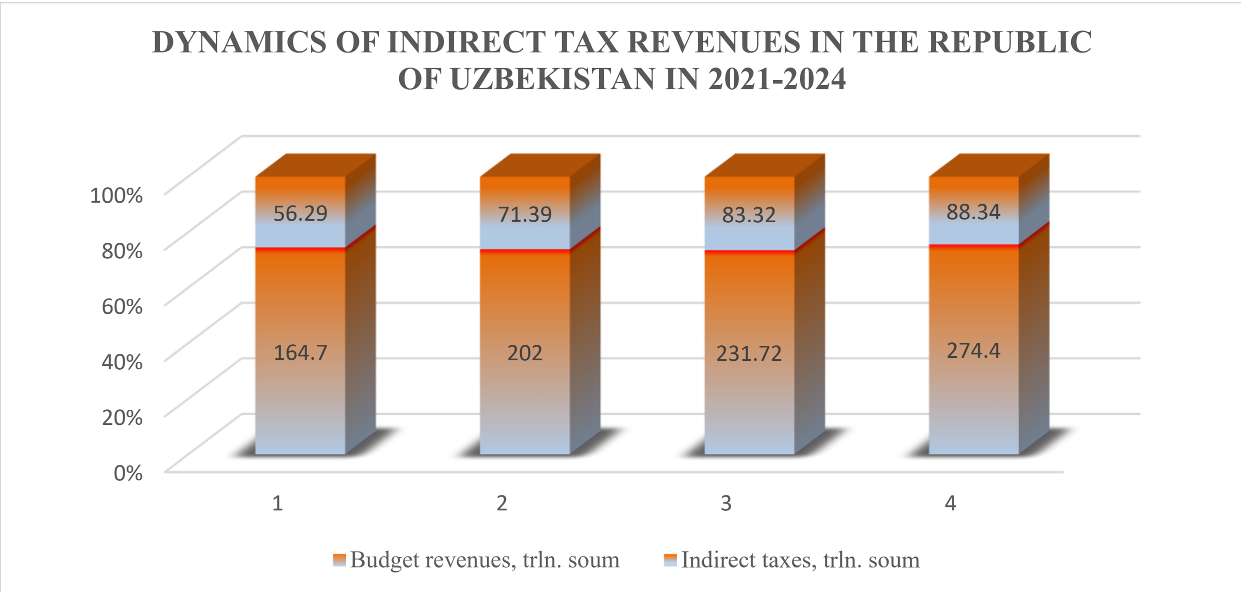
Digitalization of tax administration affects the administration and mechanism of payment of types of taxes. In other words, the digitalization of tax administration requires a digital transformation of the mechanism for determining, calculating and paying the value-added tax base. Information on VAT is provided below.

Table 1. Dynamics of indirect tax revenue in the Republic of Uzbekistan in 2021-2024

Specification	2021	2022	2023	2024
GDP, trln. soum	820,54	888,30	1 204,48	1454,57
Budget revenues, trln. soum	164,70	202,00	231,72	274,40
Indirect taxes, trln. soum	56,29	71,39	83,32	88,34
Share of income in GDP, in %	20,07	22,74	19,24	18,86
Share of indirect taxes in GDP, in %	6,86	8,04	6,92	6,07
Share of indirect taxes in total income, in %	34,18	35,34	35,96	32,19

The dynamics of gross domestic product, budget revenues, indirect tax revenues, as well as the share of taxes in the gross domestic product and budget revenues of the Republic of Uzbekistan for 2021-2024 are presented (Table 1).

As can be seen from the table, the share of indirect taxes in GDP and budget revenues is increasing from year to year. In particular, the share of indirect taxes in GDP amounted to 6.86% in 2021, 8.04% in 2022, 6.92% in 2023, and 6.07% in 2024.



Indirect tax revenues in 2024 amounted to 88.34 trillion soums, an increase of 32.05 trillion soums or 1.57 times compared to 2021. Despite the downward trend in the share of indirect taxes in total tax revenues from year to year, there is a steady increase in their volume. This process is driven by an increase in tax revenues, increased economic activity, improved tax administration, and an increase in the number of taxpayers.

As can be seen from the above, the share of indirect taxes in budget revenues is high, which necessitates the digitalization of their administration.

Let's analyze the opinions of economists on this issue.

O.M. Karpova and I.A. Mayburov explain the importance and necessity of digitalization of value added tax in the Russian Federation as follows: "Digitalization in Russia at the legislative level was first consolidated in 2017 by the national program "Digital Economy". Within the framework of the program, the direction of "digital taxation" appeared, in particular, digital VAT. This term is not official, but it can be used because VAT is the leader among Russian taxes in terms of digitalization [15].

The automated VAT-VAT system is a very effective control tool for detecting underestimation or overpayment of VAT due using a risk-based approach. When gaps in the VAT chain are detected, a letter is automatically sent to the taxpayer asking them to disclose the reasons for the discrepancies, which allows tax inspectors to focus on less routine operations than comparing VAT returns, purchase and sales books [14].

In our country, targeted work is also being carried out to digitalize the process of calculating value-added tax and paying it to the budget.

The "Regulation on the procedure for the use of electronic invoices in the settlement system", approved by Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated June 25, 2019 No. 522 "On measures to improve the use of electronic invoices in the settlement system", reduces the impact of the human factor by digitalizing the process of calculating value added tax based on electronic invoices-invoices [5].

Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated September 22, 2021 No. 595 "On measures to further improve the accounting of taxpayers and simplify the procedure for reimbursement of value-added tax" [6] approved the "Regulation on the procedure for special registration of value-added tax payers with tax authorities" [6]. In order to digitalize and automate the value-added tax payment process, this Regulation also defines the following tasks: Development and implementation of a special information platform for automated risk analysis of value-added tax payers who have applied for special registration. This includes a system for automatically issuing registration certificates in case the tax authorities fail to respond to applications within the prescribed period.

Electronic invoice is the introduction of an electronic service for automatically determining the availability of goods from a supplier when invoicing based on the identification codes of the Unified National Electronic Catalog.

Decree of the President of the Republic of Uzbekistan No. PP-4699 dated April 28, 2020 "On measures for the widespread introduction of the digital economy and e-Government" is also of great importance in the development of the digitalization of the economy in our country [4]. Additional tasks for the further development of the digital economy and e-government have been identified:

- By 2023, taking into account the doubling of the share of the digital economy in the country's gross domestic product, including through the introduction of a complex of information systems in production management, the widespread use of software products in financial and economic reporting, as well as its accelerated formation through the automation of technological processes;

o the development of "digital entrepreneurship" through the production of software products and the creation of technological platforms, by 2023 the volume of services in this area should triple, and their exports reach $ 100 million.

The implementation of these tasks will contribute to the development of digitalization in our country, including in the tax system, which will affect the administration of value added tax in accordance with the established procedure.

Conclusions and Suggestions

To summarize the above, it is advisable to digitalize tax administration based on the requirements of the SAF-T (Standard Audit File for Tax) unified reporting standard.

In general, when introducing modern information and communication technologies into Tax administration, it is necessary to study the market situation as a result of processing data generated using "online cash registers", "electronic invoices" and other centralized systems, take control of the value-added tax chain, track the movement of goods and services in the economy, expand the scope of use of the taxpayer's personal account.

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