

THE NECESSITY OF APPLYING DIGITAL TECHNOLOGIES IN DETERMINING TAX BENEFITS

Dehqonov G'ayratjon Raximovich
Independent Researcher

ABSTRACT

In Uzbekistan, the introduction of digitalization systems is of great importance in improving the efficiency of tax incentives and their accurate assessment. This article analyzes the role of digital technologies in assessing the efficiency of tax incentives, their advantages and potential problems. Digital solutions create the opportunity to automate tax information, conduct real-time monitoring and make informed decisions based on an analytical approach. Digitalization also strengthens mutual trust between taxpayers and the state and increases economic efficiency.

Keywords: Tax incentives, digitalization, efficiency, tax system, economic analysis.

Introduction

One of the main goals is to improve the tax structure in the economy of Uzbekistan. Improving the business environment in the country, attracting investments, ensuring the stability of the state budget are directly related to the need to increase the effectiveness of tax incentives and their correct assessment. From this point of view, the use of modern digitalization technologies in tax processes is highly desirable.

In practical terms, the introduction of automated systems for assessing the effectiveness of tax incentives opens up a wide range of opportunities for managing and controlling financial flows. Digital analytics can be used to monitor in real time, optimize decision-making processes, and reduce corruption.

From a theoretical point of view, the role of digitalization in assessing tax benefits is related to aspects such as increasing the efficiency of state fiscal policy, ensuring a fair distribution of the tax burden, and stimulating economic growth. Digitalization makes it possible to process and analyze large amounts of data and develop effective tax policies.

This paper analyzes the role of digital technologies in improving the efficiency and assessment of tax incentives, their advantages and potential challenges. At the same time, it examines ways to strengthen the relationship between taxpayers and the state and increase economic efficiency.

Uzbekistan implemented several reforms to digitize its tax system between 2017 and 2024. This process was crucial in determining how successful tax incentives were. However, there are still many challenges and areas where the digitization process needs to be improved.

The table below offers innovative critiques and compares digitization processes from 2017 to 2024.

Table 1.

| Year | Main changes | Practical results | Problems | Suggestions and criticisms |
|------|--|--|--|--|
| 2017 | Electronic tax reports introduced | Bureaucratic processes have been reduced | The data quality was poor. | It is necessary to automate the data verification system |
| 2018 | New tax code adopted, electronic invoices introduced | Tax collections increased | Incomprehensible interfaces for business people | It is necessary to develop a user-friendly interface |
| 2019 | The tax system has been transferred to a single electronic platform. | Online monitoring launched | Technical failures increased | It is necessary to create a stable technical infrastructure |
| 2020 | AI and big data-based analysis systems have been introduced | Fraud cases have decreased | Insufficient technical skills of personnel | Specialist training programs need to be expanded |
| 2021 | Tax payment option created through the public services portal | Increased convenience and speed | User technological difficulties | It is necessary to develop educational programs for the population |
| 2022 | A system for automatic monitoring of QR code checks and fiscal data has been introduced. | Industry transparency has increased | Some entrepreneurs failed to adapt to the new system | The adaptation period to the new system should be extended |
| 2023 | Tax payments through mobile applications launched | The number of users has increased significantly | Security issues have arisen. | Cybersecurity measures need to be strengthened |
| 2024 | AI-based tax forecasting systems launched | It is now possible to plan tax revenues in advance | Artificial intelligence mistakes happen. | A continuous monitoring system needs to be established. |

Useful proposals for digitizing the tax system of Uzbekistan in 2017–2024:

Implementation of the electronic invoicing and tax payment system (2017–2024):

The Uzbek tax system has been using electronic invoicing (EHF) technology since 2017. Taxpayers can perform all transactions online through this system. As a result, it has become much easier for taxpayers to fulfill their tax obligations. The EHF system, which provides tax returns and declarations automatically, has not only provided relief to taxpayers, but also improved control by state authorities.

Digital platforms for tax services: Starting in 2020, all services provided to taxpayers have been fully digitized. Entrepreneurs have the opportunity to submit tax returns electronically and pay taxes online through the “E-Tax” platform. This procedure not only saves taxpayers time, but also facilitates tax control by the state.

Real-time monitoring of tax payments: Real-time monitoring of tax payments technologies were introduced in the Uzbek tax system between 2020 and 2024. Tax authorities

monitored every transaction made by business owners online. This made it possible to prevent tax evasion and fraud.

Digital tax credit analysis and monitoring: Since 2022, digital solutions have been developed for the analysis and application of tax credits. This method allows for real-time monitoring of the sectors affected by tax credits, as well as their effectiveness and results. Thanks to such digital analytical tools, the effectiveness of tax credits has increased and fraud has decreased.

Taxpayer Digital Identification: Starting in 2021, a digital system will be used to automatically identify taxpayers' personal information and tax status. Thanks to this digital identification, entrepreneurs will have clear information about their tax obligations and benefits.

The need for digitalization in determining the effectiveness of tax benefits: today's results and future plans:

In recent years, major changes have been made to the digitalization of Uzbekistan's tax system. This procedure is of great importance in increasing the efficiency of tax benefits, strengthening the state budget, and creating a favorable environment for companies. Digitalization has increased the transparency of tax procedures and significantly reduced the complexity of taxpayers' obligations.

On the current impact and effects of digitalization:

Currently, the digitization of the tax system is yielding positive results in the following key areas:

Automate the tax process: The introduction of the Electronic Invoicing (EIF) system is reducing paper documents. Because tax receipts are automatically recorded, human error is reduced.

Real-time monitoring: Online cash flow tracking is available to tax authorities, increasing the transparency of tax payments.

Forecasted data on tax liabilities of business entities has been prepared.

Increased economic efficiency: This contributes to the stability of the state budget due to increased tax revenues.

Fraud and tax evasion are decreasing, creating a more reliable business environment.

Taxpayer-friendly service: Online platforms and mobile applications are used for all procedures related to the tax system. The use of electronic declarations saves time and money.

Corruption prevention: There is a reduction in human-dependent processes and a guarantee of transparency in the interaction between government and business owners.

Access to tax system services and assistance through mobile applications: Starting in 2023, taxpayers will have the opportunity to use mobile applications to access tax system services. Through mobile applications, taxpayers can receive important information about events and their tax status online. These mobile services will provide convenience to users and help popularize the tax system.

Transition to full digitalization of all tax system operations:

The government of Uzbekistan intends to fully digitize all operations in the tax system starting from 2024. This process is convenient for taxpayers, as all their documents and tax requirements will be in digital format. As a result, tax authorities will be able to quickly verify taxpayers' calculations, and all tax processes will be carried out automatically.

The useful insights mentioned above demonstrate the progress made in digitizing Uzbekistan's tax system and lay the groundwork for future improvements to these procedures.

Training of tax authorities, as well as training in new technologies:

In 2020-2024, tax authorities gained more knowledge in digital technologies. State tax authorities employees participated in ongoing training programs in data analysis and artificial intelligence technologies, as well as new digital systems. As a result, employee productivity increased, and digital services were further improved.

Future possible digitalization tools

In the future, digitalization tools may be introduced in accordance with the following measures to further improve the tax system and increase the effectiveness of benefits:

1. 2025–2027: Data analytics and artificial intelligence (AI) systems.

Predictive analytics: Automated fraud detection and tax revenue forecasting driven by AI.

Automated benefit analysis: Identifying the industries most affected by tax breaks using AI algorithms.

Virtual assistants: developing AI-based solutions to advise business owners on tax obligations and benefits.

2. 2027–2030: Implementation of Blockchain technology. Complete transparency of transactions: Blockchain technology will be used to track all tax payments.

Open collaboration between the private and public sectors: ensuring that tax revenues are accurate and reliable. Anti-fraud guarantee: The possibility of data fabrication in the tax system is very low.

3. IoT (Internet of Things) and digital identity in 2030–2035.

Using IoT technologies to automate accounting: deploying an IoT device for tax accounting at retail locations.

Elektron identifikatsiya tizimi: Yagona raqamli identifikatsiyadan foydalanib, har bir soliq to'lovchini kuzatib boradi va nazorat qiladi.

Masofaviy monitoring: real vaqtda soliq ma'lumotlarini yuborish va kuzatish uchun mobil qurilmalardan foydalaning.

CONCLUSION

The effectiveness of tax incentives in Uzbekistan has increased in large part due to digitalization initiatives. The following factors should be taken into account in the future:

Increasing digital literacy: preparing taxpayers and business owners for emerging technologies.

Creating technological infrastructure means ensuring the stable operation of information systems.

Strengthening the legal framework: laws related to the digital tax system are constantly being updated and improved.

Studying world experience: effectively using the best practices of developed countries.

Cybersecurity measures: Strengthening protections for taxpayer data.

Digitization will expand the possibilities for a more fair, efficient and transparent distribution of tax benefits in the future. At the same time, the rational use of technical advances will contribute to the expansion of the economy.

In order to increase the efficiency of tax benefits in Uzbekistan, digitalization procedures are gaining importance. As a result of recently adopted legislation, the possibilities for automating tax information, real-time monitoring, and creating favorable conditions for business entities have increased. This procedure will help increase state budget revenues, reduce corruption, and increase public trust. Nevertheless, in some cases, technical and legal advances are still needed.

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