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Digitalization of the tax sector as a factor of sustainable development of the national economy

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Abstract: The article discusses the theoretical foundations of the digitalization of the tax sector as a factor of sustainable development of the national economy. Effective management of changes in the digital economy requires regulatory decisions that eliminate obstacles and promote favorable development of the tax sector, reducing risks associated with the development and implementation of new technologies in the industry. Analysis digitalization processes of the tax sector of Uzbekistan.

Keywords: tax system, tax terminology, taxation, development, implementation, digitalization, digital economy, digital technology, digital transformation.

Effective management of changes in the digital economy requires regulatory decisions that eliminate obstacles and promote favorable development of the tax sector, reducing risks associated with the development and implementation of new technologies in the industry. If the level of digital technology development among economic entities significantly exceeds the level of state digitalization, this will lead not only to the inability to control and coordinate socio-economic processes but also to the inability to ensure the direct functioning of the state, including the impossibility of adapting tax policy and the tax system to the constantly evolving processes in the economy.

Today, one of the key areas of work for tax authorities in fulfilling their primary functions is not simply adapting to changes caused by the development of the digital economy but the digital transformation of the tax system to ensure the development of tax administration methods. Digital transformation is currently a new trend in the development of government bodies, which involves new models and principles of work corresponding to the requirements of the new regulatory environment emerging with the development of the digital economy.

Digital transformation of tax authorities' activities is not only the development and implementation of new technologies but also organizational changes, the emergence of new competencies, and infrastructure updates. This trend is primarily connected with the general course of states towards rethinking approaches to public administration and improving its efficiency.

In the current realities, tax authorities face a rather complex task since they need to have the most comprehensive information not only about taxpayers but also about economic, social, and other processes in the country in order to make management decisions aimed at creating a comfortable tax environment.

Impact factor 9

Regardless of the field of activity, the main goal of the entities involved has become the acceleration of data and information collection and processing. Thus, today the strategic importance lies in the ability to control data for their transformation into “digital intelligence.” Currently, the following "disruptive" technologies that have the greatest impact on the digital transformation of the economy are distinguished:

- Internet of Things (IoT);
- virtualization technologies (remote access to information and services, etc.);
- mobile technologies and cross-channel communications;
- big data analytics;
- artificial intelligence technologies;
- cloud computing;
- digital internet platforms.

Analysis of changes shows that digital technologies do not replace existing types of economic activities but rather help to unveil their hidden economic potential.

In Uzbekistan, the process of digitalization is progressing quite actively, especially in recent years. The country is implementing various digital technologies in such areas as education, healthcare, public administration, economy, and so on. This includes the development of e-government, the creation of digital services for citizens and businesses, the deployment of electronic systems for interaction between the state and the population, as well as the digitalization of infrastructure.

Also noteworthy is the program "Digital Uzbekistan — 2030." This strategic document, approved by a Presidential Decree on October 5, 2020, sets the course for creating a powerful digital infrastructure capable of supporting sustainable economic development and improving the quality of life of the population.

The strategy covers a wide range of directions, from the development of the digital economy to the digitalization of public administration and the social sphere.

The "Digital Uzbekistan-2030" strategy involves actions aimed at transforming the Republic of Uzbekistan into a digital society. Uzbekistan has the potential to become the digital leader of Central Asia by 2030 or even earlier. The Republic is taking steps to develop the digital economy through programs to modernize communication infrastructure, the development of digital technologies, and the digitalization of public administration. Under this program, more than 220 projects are planned to be implemented, aimed at developing the domestic software products market and the IT industry. The phased introduction of digitalization directly affects the number of internet users. In Uzbekistan, this figure is growing exponentially. By the end of 2023, it became clear that the republic surpasses other Central Asian countries in broadband internet speed. In particular, Kyrgyzstan ranked 142nd, Kazakhstan 155th, Turkmenistan 206th. Uzbekistan showed the best result, ranking 131st, rising by 24 places compared to the results from the previous year.

The effectiveness of Uzbekistan's recent digital reforms is reflected in the dynamics of international digitalization ratings:

- According to the GovTech Quality Index, in the field of public services, Uzbekistan ranked 43rd worldwide, rising by 37 positions since 2020, and entered

Impact factor 9

group “A,” which includes countries like Brazil, the Republic of Korea, and Saudi Arabia.

- In 2022, our country rose by 18 positions in the UN e-Government Development Index, reaching 69th place. Annual action plans have been developed to enter the top 30 of this ranking by 2030.

- In the Government Artificial Intelligence Readiness Index developed by the British organization Oxford Insights, Uzbekistan has risen from 158th to 79th place over the past 4 years.

- According to the Telecommunication Infrastructure Index (TII), Uzbekistan is named a country with a high level of TII. Uzbekistan ranks 19th out of 220 countries in terms of broadband internet cost.

- In the Global Digitalization Index 2024 (GDI), Uzbekistan ranked 60th out of 77 countries, scoring 32.7 points out of a possible 120.

In addition, it is planned to improve the e-government of Uzbekistan and bring the share of electronic government services to one hundred percent, introduce the Mobile ID-identification system for individuals when providing them, the Digital Passport of Citizens and Digital Authority projects.

Digitalization is rapidly entering our daily lives. More than eight million citizens use 570 types of online services through the Unified Portal of Interactive Public Services www.my.gov.uz.

Document flow is carried out through the Unified System of Executive Discipline - www.ijro.gov.uz. Employees of government agencies and their lower levels exchanged 28 million documents electronically. In 2022, our country moved up 18 positions in the UN e-government ranking and took 69th place. Annual measures have been developed to enter the top 30 of this ranking by 2030.

Digitalization is felt in almost every area in Uzbekistan. Financial technologies are no exception. Today, more than 50 payment systems and 3 digital banks operate in the republic. Over 4 years, the number of digital government services provided through the Unified State Register of Public Services has increased by 3.5 times, and the number of online banking users has reached 34 million.

The digitalization of public administration and industries, improvement of the communication infrastructure, and development of IT education are the main areas of development of the digital economy. There have been major changes in these areas. In 2017, the number of IT companies in the country was 147, now it is 1,600. The number of jobs has increased tenfold and exceeded 24 thousand. It is expected that industry exports, which amounted to 600 thousand dollars in 2017, will exceed 300 million dollars by the end of this year.

It is noted that the introduction of advanced technologies for the automation of tax administration (electronic document management, electronic digital signature, online cash registers, risk analysis system, digital marking, etc.) has significantly increased the efficiency of tax authorities and the quality of service to taxpayers. The Cabinet of Ministers of Uzbekistan adopted a resolution dated 5.06.2020 No. 359 "On additional measures for the widespread introduction of modern information and communication technologies in tax administration." The main goals of the tax reform

Impact factor 9

are to ensure economic stability in the country, create favorable conditions for entrepreneurship and increase state budget revenues. Additional revenues from the state budget up to 20 trillion soums will be allocated for the implementation of the project. The introduction of new measures will create a single platform for the integration of electronic services and systems, significantly reduce the workload of servers, reduce the load on the big data database, and increase the speed of the corporate network. Currently, the State Tax Committee provides 35 electronic government services through the "Electronic Government Services – www.my.soliq.uz" portal. Of these, 15 are informational government services, and 20 are interactive government services. Regardless of the category of taxpayers and their location, everyone has the opportunity to use all services. In order to enable public oversight by citizens, a web portal has been launched that allows reporting tax violations committed by business entities. Since the beginning of this year, the electronic government services "Electronic registration of real estate lease agreements and sending payment notices to personal accounts" and "Providing information on the calculated salary amounts of citizens" have been launched. At the same time, work is currently underway to improve taxpayers' personal accounts.

As of October 1 of last year: the number of business entities using online cash registers was 179,761; 792 million checks were issued through online cash registers, the turnover on them was 193.1 trillion soums.

The accelerated pace of development of the digital economy has significantly influenced the transformation of the activities of tax authorities. Today, this is not just the development and implementation of modern digital technologies, it is also an update of infrastructure, organizational changes, a rethinking of existing approaches to tax control and interaction with taxpayers.

The introduction of modern digital technologies allows tax authorities to simultaneously improve all areas of their activities: increase the efficiency of tax control, the quality of interaction with taxpayers, as well as other ministries and departments, and develop international cooperation. Based on the analysis of the stages of automation of tax authorities' functions, as well as the relationship between the forms and directions of digitalization and the processes of institutional transformations of tax regulation, it can be concluded that today the Tax Code of the Republic of Uzbekistan considers the digital transformation of its activities as the main tool for improving tax administration, including tax control.

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Impact factor 9

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