

MODERNIZATION OF TAX CONTROL UNDER THE DIGITALIZATION OF THE ECONOMY

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Abstract. The article discusses the history of the spread of information and communication technologies and the impact on the tax policy of the country. In connection with the development of telecommunications information technologies, the interaction between companies, buyers and sellers has become simpler, the business process has become more open, and the ability of organizations to buy and sell goods and services has expanded significantly.

Keywords. Online store, Amazon, digital services, digital economy, e-commerce, e-commerce, Google, Yandex.

The development of the information economy sector began to be discussed as early as the 70s of the XX century (R. Drucker, W. Martin, I. Masuda, E. Toffler, etc.) [1]. It was at this time that the rapid spread of information and communication technologies began to take place, and the computer became the main tool of labor. Along with this, revolutionary changes began to occur, both in public life and in the ways of organizing and managing business. In connection with the development of telecommunications information technologies, the interaction between companies, buyers and sellers has become simpler, the business process has become more open, and the ability of organizations to buy and sell goods and services has expanded significantly. Business processes began to go beyond the usual boundaries, a new type of business arose - an information business carried out in the digital space. As a result of these transformations in the economy, a new industry has emerged, called the «digital economy». The digital economy began to emerge at the end of the 20th century, when the American computer scientist Nicholas Negropante formulated the fundamental principles of the new economy [2]. It is Nicholas Negropante who is considered the author of the term «digital economy», in his speeches he focused on the shortcomings of traditional goods (weight, complexity of transportation and related costs, wear and tear) and the advantages of digital goods and the digital economy over the traditional one. Another figure who contributed to the development of the digital economy is Bill Gates, who in his book “Business at the Speed of Thought” formulated the fundamental principles and rules of commercial activity in the digital economy [3]. In his reflections, Bill Gates noted that businesses must quickly respond to the changes brought by the digital economy and the Internet, such as the rapid growth of competition due to the increase in the number of entrepreneurs, and the high demands of customers. At the same time, in order to maintain competitive advantages, businesses need to widely use the opportunities of digital technologies. As a result of the formation of a new sphere of the economy, a new type of entrepreneurial activity has arisen, called E-commerce.

One of the earliest examples of e-commerce was Amazon, launched in 1995 as an online bookstore. Subsequently, Amazon became the largest online retailer in the world. Amazon's range now includes not only books, but also music, videos, electronics, clothing, furniture, food, and toys. Thus, the history of e-commerce is slightly less than 60 years old, but during this relatively short period of time, the online trading market has developed at a rapid pace and now it is not just buying and selling goods over the Internet, but also enables entrepreneurs to provide various services remotely. Various services have appeared that have made life easier for users, the speed of transactions has increased, the usual boundaries of doing business have disappeared (for example, the difficulty of providing services or finding buyers abroad), as well as: - approaches to doing business have changed; – reduced the number of sales offices of trading companies with an emphasis on online sales; - thanks to the existing system of reviews and ratings, buyers have become more selective in choosing

a seller, which is a driver for the development of entire industries; – the e-commerce market also contributed to the reduction of the shadow sector; – with the advent of the e-commerce market, state regulators such as, for example, tax administrations, ceased to be an intermediary between the seller and the buyer during transactions. Since its inception, e-commerce has been developing at a rapid pace, increasing every year. This trend is shown in Figure 1.

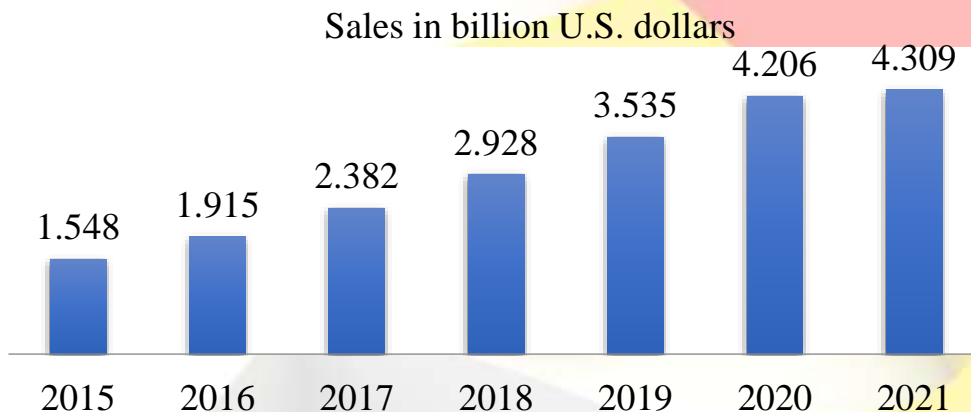


Figure 1 - The development trend of the e-commerce market in the world

Source: compiled by the authors based on [3].

Currently, there is no generally accepted definition of e-commerce in the global community. It is noted that this fact leads to uncertainty in legal relations. In particular, the lack of a generally accepted definition of e-commerce has a negative impact on the process of tax administration, in which it is important to understand the object of taxation. One of the first authors to consider the theoretical aspects of e-commerce and characterize it is the American economist David Kozier. The basis of e-commerce, according to Kozier, is the structure of traditional trade, while the use of electronic networks gives it flexibility [4].

There are two similar concepts: “electronic commerce” and “electronic commerce”. Despite the initial similarity of definitions, e-commerce is an integral part of the concept of e-commerce, as it implies exclusively the purchase and sale of goods/services using Internet resources. The concept of e-commerce is much broader and includes other types of economic activities carried out in the digital space, among them:

- trade in the digital space;
- provision of insurance services using electronic and telecommunication means of communication;
- marketing in the digital space;
- electronic banking;
- electronic payment systems;
- sale and exchange of information;
- provision of consulting services through telecommunication channels.

Currently, there is no definition of e-commerce in the legal acts of Uzbekistan, including the Tax Code, which negatively affects the quality of tax administration.

Given this circumstance, a definition of e-commerce for the purposes of tax administration is proposed, which can be included in the Tax Code of the Republic of Uzbekistan.

E-commerce is an entrepreneurial activity for the production of promotion, support and sale of goods, works, services in electronic or material form using information networks, in which the interaction of the parties is carried out in an informational way without direct physical contact of the parties, with the exception of physical contact when transferring physical goods.

The most important e-commerce parameters, especially for tax administration purposes, are the types of goods sold and the characteristics of the transaction.

E-commerce organizations or individuals can sell:

- a) Digital or virtual goods, i.e. those that can be digitized and sent to the buyer.
- b) Physical goods. This type of goods cannot be transferred to the digital space, as a result of which the delivery of goods will be carried out physically, for example, using courier services. In this case, communication between the seller and the buyer is digitized, not the goods.
- c) Various services that will be provided in the digital space. Such services can be divided into 3 types:

- technical digital services;
- digital services similar to physical ones;
- search services.

The key classifying feature for such a distinction is that technical digital services became possible only after the emergence and development of digital technologies on the Internet and without appropriate technologies have no value.

At the same time, digital services similar to physical ones existed before the digital transformation of economic activity, while they changed their form as a result of technological development. Also, with the help of the digital space, consumers have the opportunity to search for real (physical) services (for example, search for the necessary specialist).

The first category (technical digital services) includes:

- cloud services for storing/processing information, providing computing power;
- hosting services, provision of domain names;
- administration of sites, information systems on the Internet;
- maintaining statistics on the Internet;
- and others.

Digital services similar to physical services include:

- remote access to software, databases, information, games, music, books, etc.;
- electronic advertising and marketing services;
- marketplaces, message boards and online auctions;
- automated services for searching/selecting/sorting data, automatic translation (for example, stock exchange reports, etc.);
- search for potential buyers;
- broadcasting of TV and radio channels via the Internet.

The category of search services includes various search engines / platforms (Google, Yandex, etc.), with the help of which consumers can find the real / physical goods or services they need.

The key features of business models in the provision of digital services are:

- the nature of the provision of services (through the platform or directly);
- a person who is a supplier and buyer of services (business, individual, state).

The classification of goods and services is important because it provides insight into the business and financial model of an enterprise. The logistics of shipping physical goods can be a huge challenge for some businesses, while digital sellers don't face this problem. Suppliers of digital goods can only work online, while sellers of physical goods can take orders and process transactions in the traditional way, as well as using telecommunications channels.

At the same time, sellers of physical goods must have a delivery system in order to transfer products to buyers. When delivering a physical product, especially if the product crosses a state border, the seller faces various government regulators, such as customs, as a result of which the tax administrations can trace the value chain of its creation. Currently, there is no generally accepted classification of types of e-commerce in Uzbekistan. In this regard, a classification based on the form of production of goods is proposed: the sale of goods, the performance of work and the sale of services.

- 1) Sale of goods;
- 2) Realization of services in the digital space;
- 3) Implementation of work in the digital space.

In order to form a theoretical framework that reveals the concept of e-commerce and allows you to more accurately determine the object of taxation within the framework of tax administration, a classification of types of e-commerce has been developed based on the form of production of goods, which is presented in table 1.

Table 1 - Classification of types of electronic commerce for the purposes of tax administration

Form of production	Type of e-commerce
Goods	<ul style="list-style-type: none">- sale of physical goods through the site;- sale of digital goods through the website;

	<ul style="list-style-type: none"> - sale of physical goods through social networks; - sale of online applications through social networks; - sale of applications for smartphones; - продажа товаров иным способом
Works	<ul style="list-style-type: none"> - creation and design of websites; - setting up and maintaining websites; - development, implementation and maintenance of innovative work; products for online platforms (artificial intelligence); - creating programs
Services	<ul style="list-style-type: none"> - hosting; - conducting online courses; - online tutoring; - housing rental services; - taxi ordering services; - customer search services; - services for the search and sale of tickets for events; - blogging; - Internet Marketing; - cloud storage of data; - online banking; - Internet acquiring; - other services

Source: compiled by the authors.

For the purposes of tax administration, the fact that e-commerce can be carried out in various segments is important.

Based on the analysis of various approaches to the definition of e-commerce, a definition of e-commerce for the purposes of tax administration has been developed, which can be included in the Tax Code of the Republic of Uzbekistan in order to determine the object of taxation.

Based on the analysis of various e-commerce business models, a classification of e-commerce types is proposed and their main features are highlighted for the purposes of tax administration.

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