



## THE IMPACT OF THE TAXATION POLICY ON INCLUSIVE GROWTH

**Nodirbek Kholbaev**

*PhD student Tashkent State Economic University*

*Email: [n.kholbaev@tsue.uz](mailto:n.kholbaev@tsue.uz)*

**Abstract:** *The paper focuses on understanding the impact of the digital economy and e-commerce on taxation systems. It highlights the need for tax policies that are compatible with the digital economy's evolving nature. The research considers the challenges of taxing digital transactions, ensuring tax compliance, and addressing international tax consequences. The study emphasizes the role of technology in shaping taxation and policy objectives, aiming to develop effective, fair, and responsive tax frameworks for the digital world.*

**Keywords:** *Digital Economy, E-Commerce, Taxation Policy, Tax Systems, Cross-Border Trade, Tax Compliance, International Taxation.*

The digital economy and e-commerce are becoming increasingly important in the modern era due to their transformative effects on various aspects of society and economy. This is because the digital economy and e-commerce have enabled businesses to break down geographic barriers, expand markets beyond traditional borders, and reach a global customer base. This has facilitated cross-border trade and opened up new opportunities for business. Also, e-commerce has enabled consumers to shop online from home, saving time and effort. It has also simplified business processes and supply chains, making them more efficient and cost-effective.

The digital economy and e-commerce have fostered innovation and entrepreneurship by providing opportunities for new business models, products and services. Startups and small businesses can use digital technologies to compete with larger enterprises and disrupt traditional industries.

At the same time, the digital economy and e-commerce have disrupted traditional industries such as retail, media, finance and transportation, leading to fundamental changes in business models, consumer behavior and market dynamics.

The digital economy is changing the composition of capital as a factor of production, and with it the sources of wealth accumulation. "Digital capital not only replaces various types of human labor, but also reproduces itself easily and cheaply with minimal costs under the influence of other factors. By combining existing sources of labor and capital and creating new products, services and business models, new "digital" technologies displace labor and material and intellectual capital [ 1 ].

Now, the digital economy and e-commerce also pose challenges to taxation systems, as traditional tax systems may not always be well-suited to cover the unique features of digital transactions and cross-border e-commerce, which leads to debate.



Taxation is an important aspect of any economy, including the digital economy and e-commerce. As the digital economy and e-commerce grow in importance, they will create unique challenges and opportunities in the field of taxation. Traditional tax systems may not always be well equipped to effectively capture the complex and evolving nature of digital transactions and cross-border e-commerce. This is causing debate on tax policy and reforms in the digital age. Therefore, taxation is a relevant and important topic in the context of the digital economy and e-commerce. Ensuring that tax policies and frameworks are effective, fair and responsive to the evolving nature of the digital economy and e-commerce requires careful consideration of the specifics and challenges of the digital world, which underpins the relevance of our chosen research work.

The impact of the digital economy and e-commerce on taxation is an important topic of discussion and research among scholars, policy makers and practitioners. There are different views, concepts and debates on this topic. In the literature, several issues in the taxation of the digital economy, including the intangibility of digital goods and services, the global nature of the digital economy, and the use of digital platforms pose challenges to traditional tax systems designed for physical transactions.

Within this topic, M.R. Pinskaya's work on international taxation [2] and a number of publications on the taxation of electronic services transactions [3] should be noted.

However, according to the analysis of the aforementioned works of Russian scholars, it was concluded that insufficient attention is paid to improving the taxation of digital business in the context of creating customer value. In modern scientific literature, issues related to taxation, including the distribution and determination of the object of taxation (property, turnover or profit), determination of the category of taxpayer (corporation, digital tenant, consumer of digital services) and the moment of the obligation to pay tax (when a certain scope of activity is reached) is recognized as one of the most relevant [4]. A.N. Kozyrev said that "in the debates on the digital economy, its possibilities, prospects, new forms of business based on digital platforms and blockchain technology are being discussed, but we can say that the issues related to taxation and its creation, the destruction of value are all economic despite the fact that it concerns the interests of the operating entities, including the population, entrepreneurship and the state" [5,6]. Two purposes of the tax have been officially announced. The first is to impose a fair tax burden on digital business giants that use legal tax optimization methods in the EU, such as the IP-Box regime [7,8,9].

In conclusion, the literature on the tax implications of the digital economy and e-commerce reflects a complex and evolving picture. It focuses on defining the scope of taxable digital transactions, monitoring and enforcing tax compliance, and dealing with





international tax consequences. It also highlights the need to consider tax policies that are compatible with the digital economy, the role of technology in shaping taxation, and policy objectives.

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