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PRIORITY DIRECTIONS FOR IMPROVING THE TAXATION OF ELECTRONIC COMMERCE IN THE CONTEXT OF THE DIGITAL ECONOMY

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Abstract. This article examines the theoretical foundations of electronic commerce taxation in the context of the digital economy, current development trends, and priority directions for improving the taxation system. The rapid expansion of e-commerce has created new challenges for tax administration, including the taxation of cross-border digital transactions, online platforms, and electronic services. The study analyzes international experience and the ongoing reforms in the Republic of Uzbekistan aimed at modernizing the taxation of electronic commerce. Particular attention is paid to the digitalization of tax administration, the use of electronic payment systems, and the implementation of innovative technologies to ensure tax transparency and efficiency. Furthermore, the article proposes practical recommendations for strengthening tax administration, expanding international cooperation, improving legal regulations, and ensuring fair taxation of digital business activities. The findings indicate that an effective taxation system for electronic commerce is an essential factor in increasing public revenues, promoting sustainable economic growth, and enhancing the competitiveness of the national economy.

Keywords: digital economy, electronic commerce, e-commerce taxation, tax administration, digital platforms, electronic payments, value-added tax (VAT), fiscal policy, digital transformation, economic development, public finance.

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The rapid development of information and communication technologies has significantly transformed the global economy, leading to the emergence of the digital economy as one of the most dynamic sectors of economic development. The widespread use of the Internet, mobile technologies, and digital platforms has accelerated the growth of electronic commerce, creating new opportunities for businesses and consumers. Today, e-commerce has become an integral component of national and international trade, contributing to economic growth, employment, innovation, and market expansion.

Despite its numerous advantages, the rapid expansion of electronic commerce has also created significant challenges for tax systems worldwide. Traditional taxation mechanisms were primarily designed for conventional business models and are often insufficient for regulating digital business activities. Cross-border online transactions, digital services, electronic marketplaces, and platform-based businesses have complicated the process of determining taxable income, identifying taxpayers, and ensuring effective tax compliance. Consequently, governments are seeking new approaches to modernize tax policies and strengthen digital tax administration.

In recent years, the Republic of Uzbekistan has implemented comprehensive reforms aimed at promoting the digital economy and expanding electronic commerce. These reforms include the introduction of electronic tax services, digital payment systems, online cash registers, electronic invoices, and improvements in tax administration. However, the continuous growth of digital business requires further modernization of taxation mechanisms in accordance with international standards and best practices.

Therefore, analyzing the priority directions for improving the taxation of electronic commerce is of great scientific and practical importance. Developing an efficient taxation system for digital business will contribute to increasing budget

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revenues, reducing tax evasion, ensuring fair competition, and creating favorable conditions for sustainable economic development in the digital era.

The rapid expansion of electronic commerce has fundamentally transformed traditional business models and created new challenges for tax authorities. Digital platforms allow businesses to operate across national borders without establishing a physical presence, making it difficult for governments to determine tax jurisdiction and collect tax revenues effectively. As a result, improving the taxation of electronic commerce has become one of the priority objectives of fiscal policy in many countries.

One of the key directions for improving e-commerce taxation is the digitalization of tax administration. Modern digital technologies enable tax authorities to automate tax collection, process large volumes of financial data, and improve the accuracy of tax compliance monitoring. Electronic tax reporting systems, online taxpayer accounts, electronic invoicing, and digital payment monitoring significantly reduce administrative costs while increasing transparency and efficiency. These technologies also simplify tax procedures for businesses and individual entrepreneurs, encouraging voluntary tax compliance.

Another important priority is the development of a comprehensive legal framework for digital business activities. The existing tax legislation in many countries was developed before the rapid growth of digital platforms and therefore does not always adequately regulate online commercial activities. Governments need to update tax laws to clearly define taxable digital services, determine tax obligations for online platforms, and establish transparent procedures for taxing cross-border electronic transactions. Such reforms would reduce legal uncertainty and strengthen tax compliance.

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The introduction of electronic invoicing systems has become one of the most effective instruments for ensuring tax transparency. Electronic invoices provide real-time information on business transactions, allowing tax authorities to verify the accuracy of reported revenues and value-added tax (VAT) obligations. In addition, electronic invoicing reduces paperwork, minimizes human error, and improves the efficiency of financial reporting. Many countries have successfully implemented mandatory electronic invoicing systems, resulting in increased tax revenues and reduced tax fraud.

Digital payment systems also play a significant role in strengthening tax administration. The growing use of online banking, mobile payment applications, and electronic wallets creates reliable digital records of commercial transactions. These records enable tax authorities to monitor financial activities more effectively and reduce opportunities for tax evasion. Furthermore, the integration of digital payment systems with tax administration platforms allows taxes to be calculated and reported more accurately.

Artificial Intelligence (AI) and Big Data technologies are becoming essential tools in modern tax administration. AI-based analytical systems can identify suspicious financial transactions, detect tax fraud patterns, and assess taxpayer risks using large volumes of structured and unstructured data. Machine learning algorithms continuously improve their analytical capabilities by learning from previous tax audits and compliance data. Consequently, tax authorities can focus their resources on high-risk taxpayers while reducing unnecessary inspections for compliant businesses.

International cooperation has become increasingly important because electronic commerce frequently involves cross-border transactions. International organizations such as the Organisation for Economic Co-operation and Development (OECD) have developed recommendations for addressing the tax challenges arising from the digital economy. Cooperation among countries through information exchange, harmonized

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tax standards, and joint initiatives helps reduce tax avoidance and ensures fair taxation of multinational digital companies. Such collaboration also contributes to preventing double taxation while protecting national tax bases.

In Uzbekistan, significant progress has been made in digitalizing tax administration as part of broader economic reforms. Electronic tax services, online cash registers, electronic invoices, and digital taxpayer services have simplified tax compliance and increased transparency in business operations. These reforms have contributed to improving tax collection, reducing administrative burdens, and creating a more favorable business environment. Nevertheless, further improvements are necessary to address emerging challenges associated with the continuous growth of digital commerce and international online platforms.

Overall, improving the taxation of electronic commerce requires a comprehensive approach that combines advanced digital technologies, effective tax policies, international cooperation, and continuous institutional reforms. Establishing a transparent, efficient, and technology-driven tax system will not only increase public revenues but also promote fair competition, encourage investment, and support sustainable economic development in the digital era.

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