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THE POTENTIAL IMPACT OF AI IN THE SHAPING ECONOMIC AND TAXATION POLICIES SO TO BALANCE ECONOMIC GROWTH AND FISCAL RESPONSIBILITY

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Abstract: This article examines the potential impact of artificial intelligence on the formation of economic and tax policy, while maintaining sustainable economic growth and the fiscal function of taxation. Artificial intelligence is modeled as a modern form of automation that now enables the performance of tasks previously considered unattainable. It is forecasted that in the future, AI will be capable of making independent decisions and developing optimal legislative initiatives for the advancement of the country's economy and tax policy. The article also discusses the possible implications of these changes for the economy, legislative institutions, and the tax sector.

Keywords: Artificial intelligence, economic growth, fiscal, liberalization, potential, automation, social.

Introduction

Economic policy is a set of actions and decisions taken by the government to regulate economic processes at the macroeconomic level in order to achieve sustainable and balanced growth. These actions are aimed at maintaining macroeconomic stability, efficient use of resources, and creating conditions for improving the welfare of the population. The key aspects of economic policy include coordinating various economic goals and strategies within the institutional and legal frameworks of the state.

The objectives of economic policy are determined by the current state of the economy, its problems and challenges, as well as the long-term development prospects. It is important to note that the effectiveness of economic policy depends not only on the correct choice of tools but also on the ability of the government apparatus to adapt to changing external and internal conditions.

Key elements of economic policy include:

1.Monetary policy, which regulates the money supply, interest rates, and liquidity levels in the economy. This tool is used to control inflation, maintain the stability of the national currency, and stimulate or restrain economic activity.

2.Fiscal and tax policy, aimed at managing government spending and revenues through the tax collection system. It plays a key role in ensuring fiscal stability, supporting the social sector, and stimulating or restraining economic growth.

3.Investment policy, which aims to attract investments, both domestic and foreign, to finance economic projects, innovative developments, and infrastructure initiatives. This element of policy is especially important for developing economies, as it contributes to the modernization of production and increasing competitiveness.

4.Industrial policy, whose goal is to stimulate and support key sectors of the economy through subsidies, tax benefits, infrastructure development, and technological

advancements. Industrial policy aims to strengthen the country's industrial potential, create new jobs, and increase export capacity.

5.Trade and foreign economic policy, which ensures conditions for the development of international trade, improves foreign economic relations, and protects national interests in international markets. This policy plays a significant role in the globalization of the economy, opening opportunities for the country on the international stage.

Methodology of the research

In the process of preparing the article, regulatory legal acts, literary sources, and internet resources were used, taking into account their official nature. A comparative and critical analysis of the scientific and theoretical views of economists on the topic was conducted, along with the study and generalization of advanced international experience. The research employed both general economic methods and specific techniques such as system analysis, generalization, scientific abstraction, induction, and deduction.

Analysis and main results

- Indicators of economic growth (GDP, investments, exports).
- Econometric methods for assessing the impact of reforms on key macroeconomic indicators.
- Comparative analysis with other countries that underwent economic liberalization processes.
- Modeling the impact of currency liberalization and tax changes on economic growth.

In the context of globalization and the integration of the world economy, the effectiveness of economic policy also depends on a country's ability to adapt its strategies to changes in the global economy, technological trends, and social dynamics. An important aspect is the use of innovative management methods, such as artificial intelligence, to improve the accuracy of economic process forecasting and optimize tax and fiscal policies.

Thus, economic policy is a multifaceted and dynamic process that requires considering a wide range of factors, including political, social, and technological changes. The effectiveness of its implementation determines the long-term stability of the economy, international competitiveness, and the improvement of living standards.

After many years of isolationist policies and resistance to integration into the global economy, Uzbekistan revised its economic strategy with the coming to power of President Shavkat Mirziyoyev in 2017. As part of the new reforms, the country's government began radical changes aimed at modernizing and liberalizing the economy. Specifically, a unified exchange rate was introduced, the currency market was liberalized, and gradual price and foreign trade liberalization began. Significant changes were also made to the tax system: from January 2019, tax rates for both legal entities and individuals were significantly reduced. In addition to these reforms, the country revisited its trade, integration, agricultural, and industrial policies, which further contributed to the development of the national economy and its integration into international economic processes [1].

Tax Policy The tax policy of the state is a set of measures and strategies aimed at regulating the taxation system and tax collection, and it is an integral part of the financial policy. It includes the selection of types of taxes, the establishment of tax rates, the determination of the circle of taxpayers, taxable objects, and the provision of tax benefits. Tax policy has two key aspects: macroeconomic and microeconomic.

The macroeconomic aspect of tax policy covers issues related to the overall volume

of tax collection, which directly influences the country's economic activity. Excessive tax collection can have a restraining effect on economic growth, requiring careful attention to fiscal policy. At the same time, the microeconomic aspect of tax policy is focused on the fair and effective distribution of the tax burden among different categories of taxpayers, which contributes to improving social justice and enhancing overall economic efficiency.

Uzbekistan's tax policy is the result of a comprehensive approach that takes into account changes in the socio-economic situation and the demands of the time. The main legal document regulating tax relations in the country is the Tax Code, which establishes, amends, and abolishes various taxes and other mandatory payments. It is important to note that the tax rate and other key taxation parameters in Uzbekistan are determined not by the Tax Code, but by the president's annual decree, which gives flexibility to the tax system. Subordinate acts and regulatory documents further detail aspects of taxation, such as the list of activities subject to the simplified tax system, the list of excise goods, and others.

A distinctive feature of Uzbekistan's tax legislation is the need to coordinate tax rates and changes in the tax system, considering political and economic conditions. This allows the tax policy to adapt quickly to changing external and internal factors. Such regulation of the tax system through presidential decrees and subordinate acts is an important element of fiscal policy, as it enables the government to respond promptly to economic challenges and ensures flexibility in tax legislation.

Thus, Uzbekistan's tax policy aims to stimulate economic growth, improve the investment climate, and optimize taxation to enhance social justice and economic efficiency. In the face of rapidly changing economic conditions in the country and the world, such flexibility in the tax system becomes an important tool for maintaining economic stability and creating favorable conditions for business and attracting foreign investment.

Artificial Intelligence and Its Role in Public Policy

Artificial intelligence (AI) provides a wide range of opportunities for optimizing the development and implementation of public policy, enhancing its effectiveness, improving the quality of public services, and reducing the time required to perform administrative tasks. AI can significantly improve decision-making quality in the field of public administration and enhance interaction between government agencies and stakeholders. In particular, AI can become an important tool for creating more accurate and substantiated policies by providing in-depth analysis of large datasets and simulating various scenarios based on the obtained information.

One of the key advantages of AI is its ability to process vast amounts of data, identify hidden patterns, and draw logical conclusions based on pre-programmed algorithms. This approach significantly enhances the accuracy and validity of decisions, which in turn improves governance quality. For example, when real-time data, including all relevant legislative acts and regulatory documents, is uploaded into an AI system and clear boundaries for its application are set, AI can serve as a powerful tool for forming more effective and coordinated decisions than could be achieved by a human or traditional software systems.

The decision-making process using AI within the political cycle involves utilizing this tool to analyze and identify key issues that concern the population. AI can process and analyze vast datasets, including statistics and crowdsourced results, which helps to identify major trends and patterns. Based on this data, AI systems can provide

recommendations and forecasts that serve as important guides for policymakers in setting priorities for public policy.

An example of successful application of AI in public policy is the experience of the Australian government, specifically the Department of Health and Social Services of the state of Victoria. In this project, text analysis technologies were used to process anonymized historical data on diseases, which helped to identify unusual patterns and assess public health risks. This improved healthcare management and increased the responsiveness to potential threats.

In a similar context, AI can assist in the process of drafting legislation by providing data for more informed decision-making, considering all factors and risks influencing the outcomes. AI systems can become intelligent advisors for government bodies, offering optimized solutions based on comprehensive analysis that is always up-to-date and not limited by human factors. This can significantly improve the effectiveness of governance and public order maintenance.

Thus, AI not only serves as a means of increasing the precision and timeliness of political decisions but also provides government agencies with additional opportunities for a more balanced, scientifically substantiated, and holistic approach to public policy development, ultimately contributing to the sustainable development of society.

Artificial Intelligence and Automation in Economic Development

One of the key ways to analyze economic progress over the past century and a half is to study it within the context of automation, which has significantly transformed production and economic systems. Since the Industrial Revolution, when steam power and later electricity were used to mechanize many production processes, there has been a continuous development of technological solutions that support automation. This trend continued with the introduction of relays, transistors, and semiconductors, leading to the creation of more complex control systems. AI represents the continuation of this evolutionary path, not just a singular technological breakthrough. It can be seen as the next phase in the evolution of automation, moving from basic mechanisms like autopilots, computerized car engines, and magnetic resonance imaging systems to more complex and highly autonomous systems, including fully autonomous vehicles and AI-based medical diagnostic technologies[2].

A significant aspect of using AI is its ability not only to automate routine and mechanical tasks but also to process complex cognitive tasks that previously required high-level expertise and knowledge. Unlike traditional automation, which mostly dealt with repetitive operations and tasks not requiring complex thought, AI can handle unconventional cognitive tasks, such as big data analysis, forecasting, and solving problems that require a creative approach. This opens up new horizons for automation in areas where traditional mechanisms could not be effectively applied. For example, in healthcare, AI is actively used for disease diagnosis, medical image processing, and the development of individualized treatment plans, significantly improving the accuracy and effectiveness of healthcare services.

Thus, AI is not merely a tool for replacing traditional forms of labor but also a catalyst for transformations in high-skill areas of activity. This allows for a significant expansion of the boundaries of automation, incorporating AI into fields such as analytics, decision-making, and research, where complex knowledge and creative thinking are required. In the long term, this could significantly accelerate the development of innovative technologies, increase labor productivity, and possibly alter the structure of labor

markets.

Uzbekistan's Economic Development and Growth

Uzbekistan's economy is one of the fastest-growing in Central Asia, as evidenced by its development over recent years. Despite the economic impact of the global COVID-19 pandemic, the country showed a positive growth in Gross Domestic Product (GDP), which amounted to 1.9% in 2020. In 2021, economic dynamics continued to improve, with a significant recovery in growth rates to 7.4%, according to the State Committee of the Republic of Uzbekistan on Statistics. This demonstrates the high flexibility of Uzbekistan's economy and the effectiveness of government policies in the face of both external and internal challenges[3].

With a population of 37 million people, Uzbekistan represents a significant domestic market, serving both for the consumption of diverse goods and services and for providing opportunities to access markets in other Central Asian countries, the CIS, and neighboring states. This makes the country's economy strategically important at both the regional and international levels, creating opportunities for expanding trade and investment ties.

The structure of Uzbekistan's economic resilience is supported by strong fiscal and external buffers. The state debt remains at a low level, comprising less than 40% of GDP, which is a positive indicator of financial stability. In 2023, the country's gold and foreign exchange reserves amounted to 35 billion US dollars, indicating a high level of liquidity and the economy's protection against external shocks.

The inflation rate in the country was successfully reduced from 15.2% in 2021 to 10.0% in 2023, which is also the result of active government measures to stabilize prices. The inflation reduction strategy aims for a further decrease to 5% by 2025, which in turn should improve the purchasing power of the population and strengthen macroeconomic stability [4].

Thus, Uzbekistan demonstrates the ability to effectively respond to economic challenges and maintain steady growth amidst global changes. Strategic management of macroeconomic indicators, alongside a focus on diversification and modernization of the economy, enables the country to maintain high economic growth rates and strengthen its position on the international stage.

Table 1.
Key Macroeconomic Indicators of Uzbekistan for 2020-2023 [5].

Indicators	2020 y.	2021 y.	2022 y.	2023 y.
GDP per capita (in USD)	1 611.2	1 801.4	1 767.4	1 901.5
GDP (in billion USD)	52.62	59.91	59.93	65.50
Agriculture (% of GDP)	30.0	26,90	27,10	26,90
Industry (% of GDP)	25,30	28,10	27,50	27,80
Construction (% of GDP)	5,80	6,30	6,70	6,70
Services (% of GDP)	38.9	38.7	38.7	38.5
Inflation (annual average consumer prices, %)	14,30	15,20	11,10	10.0
Key interest rate of the Central Bank (%)	16,00	16,00	14,00	14,00
Gold and foreign exchange reserves (including gold, in billion USD)	26,50	27,70	33.0	34.8
Government debt (% of GDP)	19,70	28,40	37.6	36.8
Current account balance (% of GDP)	-6.8	-5.6	-5.0	-7.0
Foreign direct investment inflow (in billion USD)	625	2 316	1 726	N/A
Unemployment rate (%)	9,30	9.0	10,50	9,60

Over the past four years, Uzbekistan's economy has demonstrated impressive growth across a range of key economic indicators, including GDP per capita and overall GDP growth rates. A particularly significant leap occurred in 2023, pointing to a sharp improvement in the country's economic dynamics. As a result of these changes, Uzbekistan's economy has made an important step toward a higher level of development, transitioning to a more advanced trajectory of economic growth.

One of the most noticeable changes is the redistribution of contributions to the economy from different sectors. The share of agriculture in the GDP structure has decreased, which is a logical consequence of the shift towards a more industrially oriented development. At the same time, the industrial sector has significantly increased its share in the economy, rising from 25.3% in 2020 to 27.8% in 2023. This process reflects structural modernization and diversification of the economy, where industry becomes the key driver of economic growth.

An important indicator of stabilization and successful economic policy is the significant reduction in inflation, which decreased from 14.3% in 2020 to 10.4% in 2023. This reduction of 4.3 percentage points confirms that the government's policy of combating inflationary processes and stimulating economic stability is yielding positive results.

These changes point to an increase in the population's purchasing power, an improved business climate, and a general strengthening of macroeconomic stability.

Given the current achievements and prospects for economic growth, the integration of artificial intelligence (AI) into the country's economy could significantly accelerate this process. If AI is trained on historical data and current economic indicators, its ability to analyze and process large volumes of information could lead to much higher growth rates. AI has the potential not only to speed up automation processes but also to introduce innovative management and forecasting methods, which could significantly improve the efficiency of all sectors of the economy.

The introduction of AI into the economy mirrors the early stages of the spread of computer technologies, which significantly transformed manufacturing, management, and other areas of human activity. Similarly, the use of AI could automate analytical processes, optimize resource allocation, and predict economic trends, which in turn would ensure new levels of development and enhance the country's competitiveness on the international stage. This opens up prospects for innovative changes in Uzbekistan's economy, which could act as a catalyst for reaching new horizons of growth and prosperity.

AI algorithms have the capability to process and analyze large datasets, allowing them to identify complex interconnections and hidden patterns. Using these analytical capabilities, AI can not only make predictions about economic trends and changes but also provide precise recommendations for optimizing various processes, including the tax system.

In particular, AI could offer specific solutions to tax-related issues, while adhering to the norms of existing legislation. This would significantly increase the accuracy and efficiency of tax administration, preventing potential errors and legal violations. The introduction of such intelligent systems at the enterprise level would ensure more transparent and fair tax relations, improving interactions between government authorities and taxpayers.

Furthermore, AI is capable of developing and implementing new mechanisms for automated data collection and analysis related to taxation, which would minimize the risks of tax violations and increase tax revenues. In the long term, this would also help build trust between the government and businesses, improving the effectiveness of tax policy and contributing to sustainable economic development.

Thus, the integration of AI into the tax system has the potential not only to improve the quality of tax administration but also to create more effective and adaptive mechanisms for managing the economy at the macro level.

Conclusions

In this article, we examined the potential consequences of integrating artificial intelligence (AI) into the process of formulating economic and tax policies with the aim of sustaining economic growth and ensuring the effective fiscal function of taxes. We analyzed how AI can contribute to the development of more informed decisions in economic and tax policy, and provided examples of limited use of such technologies in some countries, although not yet on a large scale. Special attention was given to the evolution of Uzbekistan's economic policy, as well as the measures taken by the country's president to create favorable conditions for sustainable economic growth. In this discussion, we also explored the impact of AI on tax and economic policy, analyzing the experience of countries using this technology in small-scale applications.

In conclusion, analyzing Uzbekistan's economic growth from 2020 to 2023, we noted how the integration of AI technologies could accelerate and increase the pace of economic growth in the country by providing more efficient resource management and optimizing tax processes. We concluded that the use of AI in economic management requires a cautious approach, but there is no need to fear new technologies. On the contrary, innovation can provide Uzbekistan with competitive advantages on the international stage and ensure sustainable development in the future.

There is a justified need for the careful implementation of AI in strategic economic management, due to potential risks to privacy, data security, and social justice. However, the proper use of AI can significantly improve the accuracy of forecasts and optimize decision-making in real-time. It is important to understand that AI is not a replacement for human control but rather a tool that can be used to improve the quality and speed of analytical processes. This requires not only technological innovations but also the establishment of regulatory mechanisms that ensure fairness, transparency, and ethical decision-making with the help of AI.

AI-based systems can have a significant impact on taxation by automating the processes of tax data collection and analysis, which will help avoid errors and tax evasion. It is important to emphasize that the use of AI in economic policy should be interconnected with flexible and adaptive management structures, which will allow timely responses to changing economic conditions and adjustments to policy directions based on new data.

The application of AI in economic management and tax policy represents a powerful tool for improving efficiency and achieving sustainable growth. However, its use requires caution in order to minimize risks associated with data privacy and potential social consequences. In the long term, AI may become not only a catalyst for economic growth but also an important factor in creating more fair, inclusive, and adaptive economic systems.

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