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THE ROLE OF EFFECTIVE USE OF DIGITAL TECHNOLOGIES IN REDUCING THE LEVEL OF THE SHADOW ECONOMY AND GENERATING STATE BUDGET REVENUES

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Abstract: The article examines the importance of the effective use of digital technologies as a tool for combating the shadow economy and increasing state budget revenues. It analyzes the impact of digitalization on the transparency of financial flows, improving tax administration and reducing opportunities for tax evasion. Particular attention is paid to successful examples of the implementation of digital solutions in various countries, as well as their impact on economic activity and social well-being. The article presents recommendations for optimizing the use of digital technologies in government agencies and businesses, aimed at creating a fairer and more efficient tax system.

Keywords: shadow economy, budget revenues, digital technologies, taxes, tax rates, tax revenues, budget revenue composition, tax policy, hidden economic processes.

Introduction

The shadow economy is a significant problem for many countries, depriving the state of significant tax revenues and hindering sustainable economic development. Reducing the size of the shadow sector is a key factor in increasing government revenues, and digital technologies provide a powerful tool to achieve this goal. Defining and measuring the shadow economy involves analyzing different approaches to defining and quantifying the shadow economy (e.g., the indirect measurement method based on the discrepancy between official macroeconomic indicators and energy consumption data, the direct measurement method based on surveys).

The relevance of the presented work is due to the need to optimize the process formation of budget revenues through the use of digital technologies in order to track the facts of the shadow economy in the country.

A number of reforms are being carried out in Uzbekistan to ensure digitalization in the financial sector. A new milestone in the development of this area was the adoption of the Decree of the President of the Republic of Uzbekistan dated October 5, 2020 No. PF-6079 "On approval of the strategy" Digital Uzbekistan - 2030 "and measures for its effective implementation." As noted in the document, the republic is implementing comprehensive measures to actively develop the digital economy, as well as the widespread introduction of modern information and communication technologies in all industries and spheres, primarily in public administration, education, healthcare and agriculture.

In particular, the implementation of over 220 priority projects has begun, providing for the improvement of the electronic government system, the further development of the domestic market of software products and information technologies, the organization of IT parks in all regions of the republic, and the provision of this sector with qualified personnel.

In addition, a comprehensive program "Digital Tashkent" is being implemented,

which includes the launch of a geoportal integrated with more than 40 information systems, the creation of an information system for managing public transport and communal infrastructure, digitalization of the social sphere with the subsequent dissemination of this experience to other regions. [4]

Literature review

There are many studies that quantitatively assess the relationship between the reduction of the shadow economy and the growth of state budget revenues. A study of scientific literature and published studies on this topic shows that existing theoretical approaches are mainly focused on identifying and describing the phenomenon of the shadow economy, as well as on developing general mechanisms for identifying and containing illegal economic processes. In this area, significant contributions have been made by such researchers as R.N. Gulakov, I.Yu. Falinsky, V.B. Ukraintsev, R.A. Saninsky, D.A. Afanasyeva and others.

Certain theoretical and applied aspects of the influence of the shadow sector on the revenue parameters of budgets at different levels were the subject of analysis in the works of M. Alimardonov, A. Vakhobov, E. Gadoev, Sh. Gataulin, A. Zhuraev, Kh. Zhamolov, T. Malikov, A. Mamanazarov, O. Olimjonov, Sh. Toshmatov, N. Khaidarov, B. Toshmurodova, K. Yakhyoeva, N. Kuzieva, B. Abillaeva, Zh. Esmurzaeva, S. Zhubaeva, A. Suvonov, K. Tozhiboeva, Kh. Kobulov, Kh. Kurbonov, A. Khairiddinov, N. Yuldasheva, U. Urokov and other domestic authors.

Research methodology

The methodological basis of this study is based on a systemic and comparative approach, allowing for a comprehensive analysis of the nature, structure and sustainability of state budget revenues in the context of the digital economy of Uzbekistan, drawing on international experience.

Analysis and results

The problem of the shadow economy includes a number of aspects. The shadow economy includes economic activity that is hidden from government authorities, avoiding taxation and regulation. It manifests itself in various forms, such as:

- Unregistered enterprises: small and medium-sized enterprises that are not officially registered and do not pay taxes.
- Tax fraud: tax evasion through the use of various schemes and tricks.
- Informal employment: work without concluding an employment contract and paying taxes on wages.
- Money laundering: legalization of proceeds from crime.

The consequences of the shadow economy include reduced tax revenues, underfunding of government programs, increased inequality, and erosion of trust in government institutions.

The role of digital technologies in combating the shadow economy is very important. The study of the importance of digital technologies in the legalization of the economy can be carried out through an analysis of the use of digital technologies to increase transparency and control over economic activity (for example, electronic invoices, electronic document management systems, blockchain technologies, Big Data analytics to identify anomalies).

As practice shows, the share of the digital economy in the country's GDP in 2023 amounted to 3%, which indicates an increase in the indicator.

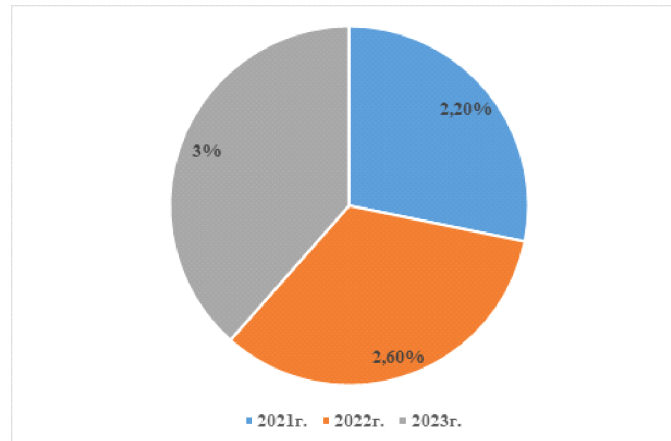


Fig. 1. Share of digital economy in Uzbekistan's GDP [13]

The active introduction of digital technologies into the financial system has ensured the growth of the indicator; there is also a trend towards an increase in the volume of e-commerce and the development of IT infrastructure.

The financial sustainability of the budget is determined by the state's ability to ensure a stable flow of revenues necessary to finance its obligations regardless of economic fluctuations. In this context, the stability of the revenue base becomes a key factor as macroeconomic stability, and effective implementation of public policy.

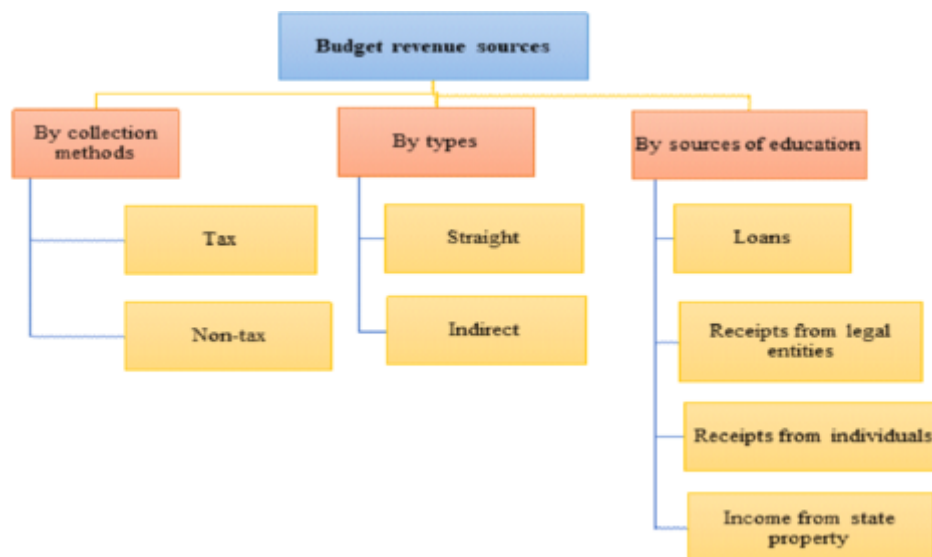


Fig.2 Sources of income generation state budget [13]

Financial security is a key element of the economic stability of society, ensuring the sustainability of the financial system and the ability to withstand internal and external threats. The revenue side of the state budget of Uzbekistan is largely formed by tax revenues, which are established and adjusted in accordance with the economic realities and strategic priorities of the country.

Digital technologies offer a number of opportunities to identify and reduce the shadow economy:

- Electronic reporting: The transition to electronic filing of tax returns and other reporting documents simplifies the control process and reduces the possibility of manipulation.
- Big data analytics systems: Big data analytics can help identify suspicious transactions and uncover tax evasion schemes. Machine learning can help in automatic detection of anomalies.
- Blockchain technologies: The transparency of blockchain can be used to track money flows and prevent money laundering.
- Digital identifiers: The use of unique digital identifiers allows for the tracking of economic activity and simplifies the identification of taxpayers.
- Electronic payments: The widespread use of electronic payments makes transactions more transparent and controllable.
- Artificial Intelligence: AI can help automate data analysis, detect fraud, and predict risks.

A full-fledged econometric analysis, which requires real data, statistical packages (such as Stata, R, EViews) and a deep understanding of the specifics of the area under study, will help to confirm the above.

Conclusions and suggestions

Let us formulate general conclusions between the reduction of the shadow economy and the growth of budget revenues due to the use of digital technologies:

- Effective use of digital technologies helps reduce the shadow economy. This can manifest itself in increased transparency of economic transactions, simplified taxation procedures, increased efficiency of tax control, etc.
- The reduction of the shadow economy leads to an increase in revenues to the state budget. This is due to the legalization of previously untaxed economic activity.
- Digital technologies play a key role in creating a more efficient taxation and control system. This allows the state to generate more revenue and use it to finance social programs and infrastructure development.
- However, it is necessary to take into account potential risks associated with the introduction of digital technologies, such as digital inequality, cybersecurity issues and the need to adapt legislation.
- Reduced tax administration costs: Automation of processes reduces the need for large numbers of employees and reduces administrative costs.

In conclusion, it should be noted that digital technologies play a critical role in combating the shadow economy and increasing state budget revenues. Investments in the development of digital infrastructures and the introduction of innovative technologies in tax administration are important steps to create a more transparent and fair economic system. However, it is important to consider data protection and privacy issues when using digital technologies in this area.

Effective use of digital technologies in the fight against the shadow economy leads to an increase in tax revenues due to:

- Increased efficiency of tax administration, automation of processes and big data analysis allow tax authorities to more effectively identify and prevent tax violations.
- Increasing the taxable base. Identifying and legalizing informal economic activity will expand the taxable base.

- Digital platforms influence the size and structure of the shadow economy, and the problems of regulation and control of these platforms must be taken into account.

Successful implementation of a strategy to combat the shadow economy using digital technologies requires a comprehensive approach that includes legislative changes, staff training, and cooperation between government agencies and the private sector.

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