
SOME ASPECTS OF TAXATION IN THE DIGITAL ECONOMY: TAX ON GOOGLE IN UZBEKISTAN

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INTRODUCTIONS

In the past few years, due to the intensive development of information technology, a new industry has emerged - the digital economy, which includes the market for electronic services rendered to users remotely in an automated mode.

At the same time, the digital economy is associated with major challenges for the international tax system[1].

Since these services have no tangible expression, it is difficult to provide a mechanism that would allow the collection of "import" value-added tax (VAT). Thus, it is necessary to take into account the change in the order of business organization and use modern international approaches in tax administration.

MAIN PART

The Decree of the President of the Republic of Uzbekistan sets tasks [1] that "Effective implementation of tax reforms, transparency of tax administration, reduction and simplification of the tax burden, expansion of the production and tax base on this basis." This will be achieved through the introduction of Business Intelligence analytical models for data processing based on the Big Data architecture, increasing the capacity of the Data Processing Center of the State Tax Committee for storing and processing large amounts of data.

From 2020, the new Tax Code of the Republic of Uzbekistan stipulates the payment of value added tax (VAT) for foreign companies that provide services to individuals in electronic form in the territory of the Republic of Uzbekistan [2].

In accordance with paragraph 10 of the third part of 241 of the Tax Code, the territory of the Republic of Uzbekistan is recognized as the place of sale of services if services in electronic form are acquired by persons located or operating in the territory of the Republic of Uzbekistan. At the same time, the territory of the Republic of Uzbekistan is recognized as the place of purchase of electronic services by an individual if at least one of the following conditions is met:

- a) the place of residence of the buyer is the Republic of Uzbekistan;
- b) the bank in which the account is opened, used by the buyer to pay for services, or the payment system operator through which the buyer pays for services, is located in the Republic of Uzbekistan;
- c) the buyer's network address used to purchase services is registered in the Republic of Uzbekistan;
- d) the international country code of the telephone number used to purchase or pay for services assigned by the Republic of Uzbekistan.

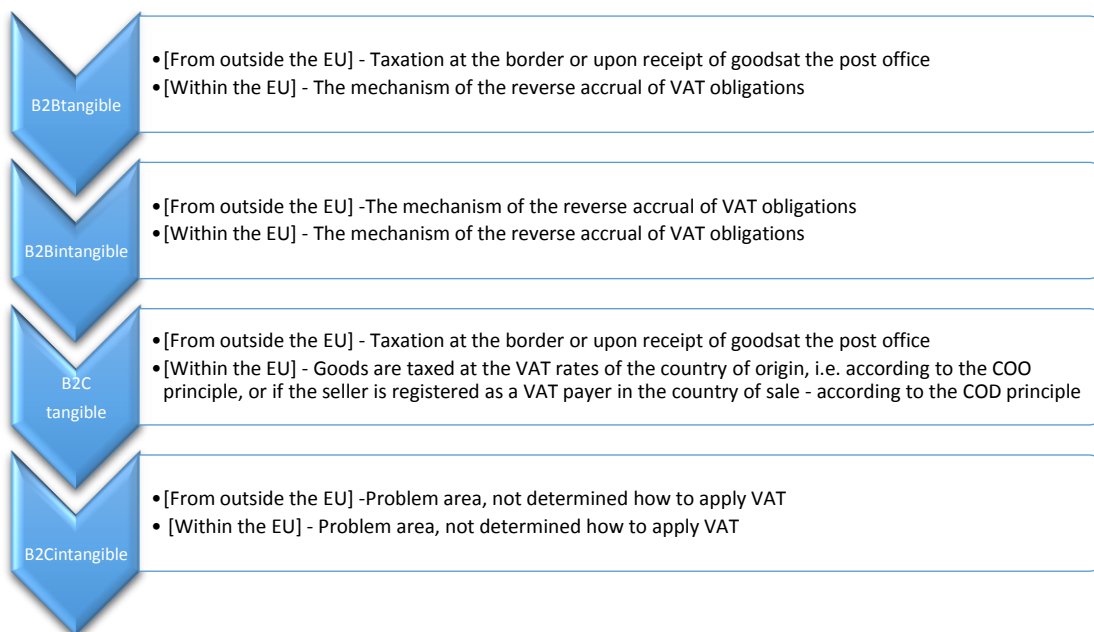
The initiative which making foreign companies pay tax began in 2017 in CIS countries. For many of them at the same time, these conditions were quite controversial, because an individual could have a current account in a foreign bank, and the IP address of the device will be in them. However, Uzbekistan's policy in this area is based on many factors. However, Uzbekistan's policy in this area is relatively perfect and comprehensive.

According to Article 282 of the Tax Code[2], services in electronic form include services provided through access to the global Internet information network (hereinafter referred to as the Internet) automatically using information technologies. In particular, these services include:

- granting rights to use software (including games delivered via the Internet), as well as databases, their updates and additional functionalities via the Internet, including by providing remote access to them;
- the provision through the Internet of rights to use electronic books (publications) and other electronic publications, informational, educational materials, graphic images, musical works with or without text, audiovisual works, including by providing remote access to them for viewing or listening through the Internet;
- the provision of advertising services on the Internet, including using programs for electronic computers and databases operating on the Internet, as well as the provision of advertising space (space) and time for advertising on the Internet;
- the provision of services for the placement of proposals for the acquisition (sale) of goods (services) and property rights on the Internet;
- the provision through the Internet of services for the provision of technical, organizational, informational and other opportunities, carried out using information technologies and systems, to establish contacts and enter into transactions between sellers and buyers. In particular, such services include the provision of a trading platform operating on the Internet in real time, on which potential buyers offer their price through an automated procedure and the parties are notified of the sale by automatically creating a message;
- ensuring and (or) maintaining the presence on the Internet for personal purposes or for economic activities, supporting electronic resources of users (sites and (or) pages of sites on the Internet), providing access to other Internet users to them, providing users the possibility of their modification;
- automatic maintenance of the programs at a distance and online, the provision of services for the administration of information systems, sites and (or) pages of sites on the Internet;
- storage and processing of information, provided that the person who submitted this information has access to it via the Internet;
- the provision in real time of computing power for placing information in the information system;
- the provision of domain names, the provision of hosting services;
- the supply of information generated automatically when the buyer enters data through the Internet, the provision of automated services for finding data, their selection and sorting on request, the provision of these data to users through information and telecommunication networks. In particular, such information deliveries include stock exchanges in real time, real-time automated translation of texts;
- the provision of services for the search and (or) providing the customer with information about potential buyers;
- providing access to search engines on the Internet;
- conducting statistics on sites on the Internet.

Circumstances related to the taxation of foreign enterprises in the Tax Code do not bypass the world experience. A comprehensive registration and identification system would be required and can only be implemented under global coordination and standard setting [4].

Without denying the above, we can cite the experience of some foreign countries. By 2018, in the EU, the issues of VAT taxation of B2B-type import operations in the field of electronic commerce as material and intangible goods .



Pic.1 Application of VAT to import e-commerce operations in the EU until 2018 (compiled from sources [5; 6]).

This requirement led to the fact that the majority of EU sellers working in the field of electronic commerce, carrying out B2C tangible transactions and having a relatively small turnover. Low tax rates for registration as a VAT payer (for example, Luxembourg with the lowest in the EU with a VAT rate of 15%) and / or a high threshold value of the volume of trade, starting from which registration as a VAT payer is required in other member countries [5].

CONCLUSIONS AND SUGGESTIONS

We believe that the improvement of taxation and tax administration of foreign providers of electronic services is possible only with appropriate reference to the best foreign practices, first of all, of the countries of the European Union. In particular, the B2B segment uses the “reverse charge VAT” mechanism, which involves the transfer of tax payments from the seller to the buyer, with the latter being accepted for deduction of VAT. This mechanism not only creates convenience for taxpayers, but also allows you to mitigate (minimize) the risk of fraud in the field of Internet services trade.

In our opinion, the introduction of the “Google tax” provides a level playing field for national and foreign companies that sell electronic services to end users. Foreign suppliers are in a better position than our national companies, which, given these conditions, are deprived of the opportunity to develop this segment of the national market. In addition, the procedure for tax collection will eliminate cases of minimizing VAT tax liabilities and leveling tax advantages for foreign organizations located in low-tax jurisdictions.

REFERENCES

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2. Decree of the president of the republic of uzbekistan No. PF-5953 dated 02.03.2020 (<https://lex.uz/docs/4751561>)
3. Tax Code of the Republic of Uzbekistan dated 31.12.2019 (<https://lex.uz/pdfs/4674902>)
4. Such a registration is facilitated if market countries already pursue a consumption taxation of digital transactions at the location of consumers by requiring non-resident suppliers to register for VAT purposes. Otherwise, the imposition of a withholding tax on B2C and B2B transactions raises th
5. McLure, C.E. Jr. (2002). Taxation of Electronic Commerce in the European Union. Hoover Institute, Stanford University. Retrieved from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.95.5517&rep=rep1&type=pdf>
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