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AUTOMATION OF TAX INCENTIVES: OPPORTUNITIES AND EFFICIENCY

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This article examines the theoretical foundations, international practices, and potential application of tax incentive automation in Uzbekistan. The study highlights how digitalization of tax benefits can simplify tax administration, minimize human intervention, and reduce corruption risks. The findings suggest that automation not only ensures transparency and fairness but also strengthens taxpayer rights and contributes to overall economic efficiency. Practical recommendations for the gradual implementation of tax incentive automation in Uzbekistan are provided.

Keywords:

Tax incentives, Automation, Digital economy, Artificial intelligence (AI), Blockchain, Tax administration, E-government, Transparency, Corruption prevention, Uzbekistan.

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Introduction

In the era of the digital economy, improving the efficiency of public financial systems has become a pressing issue. Tax incentives play a significant role in attracting investments, supporting entrepreneurship, and modernizing the economy. However, in practice, the administration of such incentives often involves excessive paperwork, dependency on human factors, and lack of transparency.

Therefore, the automation of tax incentives is an important step toward strengthening fiscal governance and creating a favorable business environment. The primary objective of this paper is to analyze the theoretical aspects of tax incentive automation, review international experiences, and develop practical recommendations for its application in Uzbekistan.

One of the main objectives of tax policy is to stimulate economic growth, support entrepreneurship, and attract investments. In this regard, tax incentives serve as an important instrument. However, since the processes of granting, accounting, and monitoring tax incentives are often carried out manually, errors caused by human factors, risks of corruption, and bureaucratic barriers frequently arise. Automation is therefore considered an important solution to overcome these problems.

Automation of tax incentives refers to managing the processes of collecting, analyzing, and decision-making related to tax benefits through digital technologies. In this way, if an entrepreneur or an individual is entitled to a benefit, the electronic system automatically identifies it and applies the relevant reliefs.

Such an automated approach frees taxpayers from the obligation to submit excessive paperwork and reduces the time tax authorities spend on additional inspections. As a result, bureaucratic barriers are reduced within the system, and human-factor-related errors are minimized.

For example, tax analysis systems developed on the basis of **artificial intelligence (AI)** can determine appropriate benefits for a taxpayer based on their income sources, type of activity, and other statistical indicators. In addition, through **blockchain technology**, all actions related to incentives can be recorded transparently, which plays a crucial role in preventing corruption.

Currently, the process of **digitalization in Uzbekistan's tax system** is being introduced step by step. In particular, through the "my.soliqu.uz" platform, entrepreneurs and individuals have remote access to information about tax payments, benefits, and other tax rights. However, the current system has not yet fully developed the ability to automatically determine tax incentives. Therefore, creating a unified registry of tax incentives and introducing a system for real-time monitoring in this area is considered a pressing issue.

Looking at **global experience**, in countries such as **Estonia, Singapore, and the Republic of Korea**, tax incentives are managed through digital platforms. For instance, in Singapore, depending on the taxpayer's income and type of activity, the system automatically applies the available benefits. In Estonia, tax data are integrated into the government's unified digital platform, and each citizen's entitlements are calculated automatically.

Moreover, in the **European Union**, within the framework of the “Smart Tax System” concept, the validity of tax incentives is assessed using AI algorithms. This has proven highly effective in preventing the misuse of benefits.

Methods

The following research methods were applied:

- **Comparative analysis** – study of tax incentive automation in advanced economies such as Estonia, Singapore, and South Korea.
- **Legal analysis** – examination of Uzbekistan’s current tax legislation and its readiness for digital reforms.
- **Statistical and empirical approach** – assessment of tax incentives based on open data from the State Tax Committee.
- **SWOT analysis** – identification of strengths, weaknesses, opportunities, and threats of automating tax incentive administration.

Results

The research produced the following key findings:

1. **International experience:** Estonia, South Korea, and Singapore successfully apply digital platforms where tax incentives are automatically granted to eligible taxpayers. This significantly reduces human intervention and increases transparency.
2. **Uzbekistan’s current system:** While tax incentives exist, their application still depends on manual applications and bureaucratic processes, resulting in higher costs and inefficiency.
3. **Automation potential:** A taxpayer’s digital profile could enable automatic allocation of incentives without additional paperwork.

4. **SWOT analysis:**

Strengths	Weaknesses	Opportunities	Threats
Increased transparency	High initial costs	Attracting more investments	Cybersecurity risks
Reduced human factor	Insufficient infrastructure	Simplification of tax administration	Shortage of skilled professionals
Lower corruption risks	Need for legal framework improvements	Stable budget revenues	Bureaucratic resistance

Discussion

The results demonstrate that automation of tax incentives is a crucial part of economic digitalization. It ensures convenience for entrepreneurs while also stabilizing state budget revenues. However, the process should be implemented gradually, starting with pilot projects in specific sectors.

International experience proves that three essential conditions are necessary for successful implementation:

1. A strong and clear legal framework.
2. Well-developed digital infrastructure.
3. Skilled professionals and broad public awareness.

Conclusion

Automating tax incentives is not only a tool for improving transparency in fiscal governance but also a catalyst for business support and investment growth. In Uzbekistan, gradual implementation through legislative reform, technological investment, and

adaptation of international best practices will help to achieve significant progress in public financial management.

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