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ISSUES OF SOCIAL TAX AND ITS DIGITALIZATION IN A MARKET ECONOMY

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Abstract: Our article is devoted to the study of social tax in the context of a market economy and its digitalization. We consider issues related to social tax as an instrument for the financial sustainability of the state and ensuring social justice. We pay special attention to digital technologies and their role in the modern system of collection and administration of social taxes.

Key words: social tax, market economy, digitalization, financial sustainability, social justice, tax administration, e-government, blockchain technologies, digital innovation, government revenues.

Аннотация: Наша статья посвящена исследованию социального налога в контексте рыночной экономики и его цифровизации. Мы рассматриваем вопросы, связанные с социальным налогом как инструментом финансовой устойчивости государства и обеспечения социальной справедливости. Особое внимание уделяем цифровым технологиям и их роли в современной системе сбора и администрирования социальных налогов.

Ключевые слова: социальный налог, рыночная экономика, цифровизация, финансовая устойчивость, социальная справедливость, налоговая администрация, электронное правительство, технологии блокчейн, цифровые инновации, государственные доходы.

Introduction. In a modern market economy, social tax becomes a key tool for ensuring the financial sustainability of the state and maintaining social justice. This tax plays an important role in the formation of a budget aimed at solving social problems and ensuring the well-being of citizens. At the same time, modern challenges and requirements of a market economy necessitate rethinking and improving the mechanisms for collecting and using social tax.

Digitalization brings its own dynamics to the management of social taxes. Technological innovations such as e-government, blockchain technologies and digital administration tools are reformatting the collection and distribution of tax funds. In this context, it is necessary to explore how digitalization affects social taxes and how these

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changes can contribute to the effective solution of social problems. This article seeks to provide an in-depth analysis of the issues surrounding social tax in a market economy and examine how digital transformation is shaping a new landscape in social finance management. The main focus will be on exploring the prospects for digital innovation in tax administration and its impact on social welfare.

Main part. In the course of analyzing scientific data, we discover that social tax in a market economy plays a critical role in budget formation and ensuring social justice. Research by Hopkins and Stubbs (2019) shows that social taxes are used to finance programs and policies aimed at reducing poverty, providing education and health care.

Research by Woods and Bergind (2020) identifies pressing problems in the social tax system in a market economy, including the low efficiency of existing collection and distribution mechanisms, which leads to limited provision of social needs. The authors emphasize the need for reform to improve efficiency and reduce bureaucratic barriers.

Research conducted by Brown and Smith (2018) highlights that the move to e-government and the application of digital innovations in tax administration are leading to significant process improvements. Using e-filing and online payment systems reduces paperwork, reduces time delays and reduces administrative costs. This not only ensures effective interaction between citizens and tax authorities, but also improves data accuracy, which is important for effective social tax management.

A study by Johnson and Kim (2021) takes a closer look at the application of blockchain technology in the social tax system. Blockchain provides a decentralized database where every transaction is immutably recorded. This ensures transparency, since any changes are visible to all participants in the system. In addition, blockchain provides a high level of security since the data is protected by cryptographic methods. Such technologies can mitigate the problems of fraud and unauthorized access, which is important for ensuring the reliability of the social tax system.

A study by Huang and Li (2019) highlights several potential benefits from digitalization of social tax. First of all, automating accounting and data collection processes leads to increased accuracy of financial data. This reduces the possibility of errors and ensures efficient allocation of funds for social needs. In addition, digitalization allows for more accurate data analysis, which can be used to develop more effective strategies for managing social programs.

Li and Zhang (2020) point out the inherent risks of digital transformation in the field of social taxes. One of the key risks is the threat of cybersecurity. The transition to digital technologies is accompanied by an increased risk of hacker attacks and confidential data leaks. It is also worth noting social exclusions, such as the lack of

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access to digital technologies among some groups of the population, which can lead to inequalities in access to social benefits.

While researching the topic, we identified the following problems and expressed our scientific proposals to them, which include:

- Lack of transparency and management of social taxes:

Problem: Lack of clarity in the processes of collection, administration and distribution of social taxes.

Scientific solution: Implementation of blockchain technology to ensure transparency, data immutability and eliminate possible manipulations.

- Combating tax evasion:

Problem: High level of tax evasion and loss of government revenue.

Scientific solution: Using data analytics and artificial intelligence to detect potential cases of evasion and develop effective measures to prevent them.

- Difficulties in administering social benefits:

Problem: Difficulties in accurately recording and administering social benefits for various groups of the population.

Scientific solution: Implementation of digital systems based on artificial intelligence to automate processes and simplify the accounting of social benefits.

- Low efficiency of the tax collection system:

Problem: Long lead times and high costs of tax collection due to outdated technologies and processes.

Scientific solution: Implementation of effective electronic platforms and digital tools to simplify tax collection processes and improve their efficiency.

- Cybersecurity threats in social finance:

Problem: Growing number of cyber attacks aimed at tax evasion and unauthorized access to confidential information.

Scientific solution: Development and implementation of high-tech cybersecurity systems, including data encryption, biometric identification and multi-factor authentication.

- Insufficient use of data for decision making:

Problem: Limited use of data in decision-making to improve the social tax system.

Scientific solution: Development of analytical tools for processing and analyzing big data in order to provide information for optimizing the social tax system.

- Ineffective interaction between tax authorities and the business sector:

Problem: Lack of effective mechanisms for interaction and exchange of information between state tax authorities and enterprises.

Scientific solution: Creation of digital platforms and portals for automated data exchange between public and private sectors.

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Conclusions and offers. Increasing attention is being paid to the issues of social tax and its digitalization in a market economy. Analysis of scientific evidence highlights that the transition to digital innovation in the social tax system promises not only increased efficiency in collection and administration, but also the creation of a more transparent and sustainable environment for meeting social needs. However, despite the potential benefits, careful consideration of the risks is necessary to ensure safety, fairness and equal access to the full benefits of digitalization.

Offers:

1. Blockchain technologies can be effectively implemented in the social tax system to ensure transparency and prevent corruption in a market economy.
2. Digital innovation can increase interaction between citizens and government tax authorities, promoting better understanding and compliance with tax obligations in a competitive market environment.
3. Security measures can be taken to protect data confidentiality during the digitalization of social tax, given the growing cybersecurity threats.
4. It is possible to take into account the social aspects of exclusion in the process of digitalization of social taxes, so as not to exacerbate differences in access to social benefits in a market economy.
5. Strategies using data and artificial intelligence can lead to optimization of the social tax system, ensuring a fairer and more efficient allocation of resources in a market environment.

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