

A.Pulatov,

Senior Lecturer

Head of Legal Studies Department

Westminster International University in Tashkent

TAX AVOIDANCE ISSUES IN DIGITAL ECONOMY.

Annotation: current regulation frameworks made it difficult to impose tax on digital economy. A digital economic tax issue varies depending whether it is a corporate income tax or consumption tax. In my research I will address taxation issues in digital economy and what methods companies using to avoid taxations.

Keywords: digital economy, Multinational Enterprise (MNE), transfer pricing.

Аннотация: нынешние рамки регулирования еще затруднили введение налога на цифровую экономику. Проблема налогообложения цифровой экономической деятельности варьируется в зависимости от того, является ли это корпоративный подоходный налог или налог на потребление. В данной научной работе будут рассмотрены вопросы налогообложения в цифровой экономике и методы, используемые компаниями для избежания налогообложения.

Ключевые слова: цифровая экономика, транснациональная компания, трансфертное ценообразование, вывод доходов/прибыли из-под налогообложения

Аннотация: амалдаги солиқни тартибга солуви меъёрлар ҳозирги рақамли иқтисодиётни тартибга солишда муайян қийинчиликларга дуч келмоқда. Рақамли иқтисодиётда солиқ масаласи корпоратив даромад солиғи ёки истеъмол солиғи ҳисобида боғлиқ. Ушбу тадқиқотда рақамли иқтисодиётни солиққа тортиш масалалари ва солиқ тўлашдан бўйин товлаш учун қандай усуллар қўлланилаётгани кўриб чиқилган.

Калит сўзлар: рақамли иқтисод, трансмиллий компания, трансферт баҳо белгилаш, даромад ва фойданинг солиққа солинишидан бўйин товлаш.

Introduction to Digital Economy

Oxford dictionary defines **digital economy** as “An economy which functions primarily by means of digital technology, especially electronic transactions made using the Internet” [1].

For the first time term 'Digital Economy' started emerging in early 90's and coined by Don Tapscott in his book “The Digital Economy: Promise and Peril in the Age of Networked Intelligence”, in his book he was one of the first who predicted that internet will massively change the way we do the business [2].

OECD in his “Addressing the Tax Challenges of the Digital Economy” report states “The digital economy is the result of a **transformative process** brought by information and communication technology (ICT), which has made technologies cheaper, more powerful, and widely standardised, improving business processes and bolstering innovation across all sectors of the economy” [3].

Although one can not clearly define the boundaries of the digital economy, the transactions in the digital economy can be categorised as follows: ‘electronic services, supply over the Internet of services other than electronic services and supply of goods ordered online [4].’ The digital economy is driven by ‘content production, consumption and indexation’ [5]. The **monetisation of personal data** plays a key role in the digital sector. At the same time, it is

a challenge to calculate the **value creation** in the digital sector as consumers receive services free of charge in exchange for providing data. The use of big data is another key characteristic of the digital sector, which is now incorporated in every level of international economy. It is a pool of data collected, diffused, aggregated, stored and analysed, which creates value by increasing transparency, improving performance management and decision-making, and by developing tailored products or services or even **new business models**. Digital businesses can be easily contestable ‘as market power can be challenged by entrants more easily and often faster than in more traditional fields of the economy.’ The digital sector is more dependent on intellectual property than traditional brick-and-mortar business [6].

Digital economy is growing every day, and becoming economy itself.

1.1 Electronic Commerce

Electronic Commerce is commonly known as all kinds of business conducted online by using internet [7]. The definition provided by the OECD is “An electronic transaction is the sale or purchase of goods or services, whether between businesses, households, individuals, governments, and other public or private organizations, conducted over computer-mediated networks. The goods and services are ordered over those networks, but the payment and the ultimate delivery of the good or service may be conducted on or off-line” [8].

E-commerce can be categorized into four main categories: Business to Business (B2B), Business to Consumer (B2C), Business to Government (B2G), and Consumer to Consumer (C2C). Among these four categories, the political debate mostly focused on the B2B and B2C type of activities. Most Multinational enterprises use the internet to get access to the rest of the world in a same way as small and medium size of enterprise.

As E-commerce is a very new type of business conducted over the internet which changes the traditional way of conducting business, it is important to review the current tax rule whether or not it is possible to apply to income generated in the new way both theoretically and administratively. With the purpose to evaluate the existing tax rules conceivably and carefully, it is significant to understand how the technology makes E-commerce operate. It is believed that without the accurate understanding of how those incomes generated, it's impossible for the tax authorities to make a new international taxing system effectively implemented.

1. Why taxation of MNEs in digital economy is important?

While corporations thinking of their own financial benefit create different tax avoidance schemes and save themselves millions, the population suffering from austerity measures during the crisis times makes one argue that tax avoidance is an evil and dishonest activity [9]. When it comes to countries deterring themselves against tax avoidance, they should preserve the balance between over deterrence in order not to frighten the investors and under deterrence in order not to create loopholes in tax regulation and suffer economic loss.

In the EU all Member States have different taxation schemes. Countries with more requirements for social infrastructure have higher taxes than tax-haven countries like Luxembourg for which it is more beneficial to have a low tax base and create more incentives for investors to move their businesses there. This difference in approaches creates a great challenge especially taking into consid-

eration that they have to comply with Article 150 of TFEU as well, and not to create tax obstacles and hinder the functioning of the Single Market.

The global trend in taxation is that the average tax rate is falling and it is now around 23% and used to be 40%. For example, the UK's tax rate has decreased from 30% to 22.6% in the recent years. There is an impression of unfairness, because MNE's that already earn billions pay even less tax than they used to couple of decades ago [10].

However, the MNEs "conscience" is not troubled by their ruthless tax planning activities since they stipulate that decreased share of tax in the GDP is related to the crisis in the euro area and not to the development of e-commerce and the rise of corporate income tax base. Instead, they allege that it is not for the digital economy budgets are suffering loss of taxable income, but it is a natural outcome of free capital movement and account liberalization, which in its turn led to profit shifting, transfer pricing and hybrid mismatches and creation of tax havens and it existed before the Internet [11].

Diversity in governments' fiscal policies around the world is seen by some as a **"healthy" tax competition** by MNEs and they see tax harmonization as the only solution to this. It is reasonable that MNEs use these mismatches to maximize their post-tax profit in order to meet their investors' expectations [12].

Another argument of MNEs in favor of irrelevance of e-commerce to the decreased tax shares in GDP is that effective tax rates (income tax paid based on the pre-tax earnings) paid by US web firms such as Facebook and Amazon is actually higher than tax amounts paid by European largest MNEs. They further brought Google 19.91% and eBay's 16.32% effective tax rates and compared them to European industrial leaders like Volkswagen and Renault [13].

There is even more progressive proposal of rejecting corporate tax at all and replacing it with a revenue based tax and suggest corporate sales taxing. However, organizations like Tax Justice Network argue that corporate tax restraints political and economic imbalances and criminal behavior and at the same time it promotes financial transparency and democracy, boosts economic growth and increases profits crucial for public services [14].

One needs to find a balance between these two opposites in order to provide fulfillment of public interests without losing public revenues.

Recently, Lux Leaks has disclosed some private arrangements between Luxembourg and more than 300 MNEs, where the state of Luxembourg had cut their taxes to a very large amount and they had not been required even a minimum physical presence in the country. The conditions of state aid and exceptions to them are listed in Article 107 of TFEU. In order to check the legality of this and other similar state aids in Luxembourg, Ireland, Belgium and the Netherlands, the EC started investigations [15].

Tax avoidance and planning may create disadvantageous conditions to compete in the market for companies, which do not have an opportunity to do a similar planning due to their business model, size or geographic focus [16].

A study conducted by the European Commission revealed that MNEs profit from tax rates that are 3.5% lower than for domestic companies and small/medium enterprises are seriously disadvantaged as they pay higher rates [17].

Tax planning and avoidance has the capacity to distort competition by using existing escape clauses in various tax systems and transferring profits to zero tax or low-tax jurisdictions where no economic activity is conducted. Since harmful tax competition results into a race to the bottom, the tax base is eroded and profits are shifted. While winners are mobile factors, losers are factors of production, such as labor, and fewer companies with limited mobility [18].

Digital monopolies curb competition and innovation, creating the risk of monopolizing other markets and the incentive to lock-in customers. In addition, the positions of the gatekeepers of the Internet providers can negatively affect the dynamics of the market. State aid in deploying broadband access can disrupt markets [19].

For instance, when geo-blocking causes harm to the Digital Single Market, Articles 101 and 102 of the TFEU can be used to remove the constraints imposed by dominant companies [20].

Abuse of dominant position (Article 102 of the TFEU) occurs in the form of either exclusive (foreclosure) or exploitative. In the first one - restrictions of gatekeeper access or use of the market (favouring own services, exploitation of third party content and data to the detriment of competitors and impeding supplier changes by customers) can amount into an abuse. In the second case, the use of third-party content or data or restricting customers from switching providers are examples of abuse [21].

In addition to the investigations by the European Commission against big tech companies in February 2015, the European Commission initiated an investigation on the Belgian excess profit tax scheme for allegedly distorting competition by allowing companies to lower their taxes by 50 to 90% from excess profits resulting from a subsidiary of a multinational group. Hence, the Commission concluded that the tax regime was illegal and asked for a €700 million recovery of unpaid taxes from 35 MNEs [22].

3. Analyzing taxation of issues of digital economy

3.1. Common tax avoidance practices by MNE in digital economy.

3.1.1. Avoiding presence in market country or Nexus.

Extremely mobile intangibles with complex business models make the digital sector hard to pin down for national tax systems and intangibles "may lie at the heart of any effective recalibration of how international taxation rules and guidance respond to changing patterns and characteristics of multinational and global businesses" [23].

Under the current international tax rules, remote sales by an e-tailor are not taxable and the presence of capital (such as a stand-alone server) is sufficient to establish tax jurisdiction. This situation may be even more complicated in future by the widespread use of 3D printers at home and workplaces [24].

Thus, the concept of PE which has been used over the centuries is inapplicable for digital businesses such as a web store as it does not require a physical presence. Digital economy allows businesses to supply markets and to accrue virtual profits without any need for legal or physical presence at the local level [25].

This "dematerialization" [26] or sometimes referred also as "cyberisation" of the tax base happens when the business is conducted through a website without physical presence or when "replacing conventional sales outlets in the market country with online licensing of software or

specifications if the products can be produced through 3D printing” [27].

3.2.2. Artificial Contractual Arrangements to Avoid PE

Many businesses in the digital economy use some form of physical presence to reach customers, deliver goods, or provide support. As identified by the OECD BEPS Action Plan, the supplier may adopt measures or structures to “artificially” avoid having a permanent establishment in the market country. Examples include the use of limited function distributors or “commissionaire arrangements”, the use of toll-manufacturing or contract manufacturing contracts to avoid having a PE or full-fledged manufacturing subsidiary, and “artificial” fragmentation of activities to avoid the temporal requirement of a PE or to qualify for the exceptions to PE status for preparatory and ancillary activities under Article 5(4) of the OECD Model [28].

For instance, the use of a fixed place of business to purchase, warehouse and deliver merchandise may be an **activity of preparatory or auxiliary** nature for traditional businesses while constituting a substantial or core activity for e-commerce. Similarly, online or Internet sale of digital goods and digital services is a core business of an enterprise requiring no physical stores, agencies or assets but could be defined as preparatory or ancillary activity according to these exceptions. Finally, it is difficult to talk about residence when it comes to cloud computing [29].

The exceptions under Article 5(4) of the OECD Model Tax Convention [30] can give rise to the following practices of MNEs to avoid PE status. Moreover, tax residence or physical location is disregarded by the customer and does not influence his/her choices.

- Migrating services that can be provided in person to cyberspace and keep in-person services at a minimum which gives no rise to PE;
- Converting royalties into services fees and avoid withholding tax by transforming technical services or provision of software etc. into services delivered online; and
- Monetizing location relevant data created by local customers without any compensation [31].

3.2.3 Avoiding Withholding Tax

A non-resident company can be asked to pay taxes in a country, where it generates income

via payments such as interest or royalties. This type of taxation is called **withholding tax** and intends to tackle characterisation issues by imposing a tax on certain payments made by residents of a country for digital goods or services provided by a foreign provider. One practical challenges of withholding in the case of transactions with individual consumers. One option to deal with the practical challenge would be “to require withholding by the financial institutions involved with credit card payments or electronic payments” [32].

MNEs often use tax havens or favorable tax regulation countries to avoid withholding tax using treaty shopping and creating shell companies in low tax jurisdictions. For example, Amazon saved billions by paying almost zero tax from profit using sophisticated tax saving models [33]. Sometime it is referred as double non-taxation, which allows for the non-payment of withholding taxes in the source country and in the intermediary countries. Using complicated tax saving system the final tax collection occurs in a tax haven.

Another point is effect of tax treaties in developing countries, and their tax rights in tax treaties including limitations to withholding taxes. Article in action aid stated

“Uganda signed a tax treaty with the Netherlands that completely takes away Uganda’s right to tax certain earnings paid to owners of Ugandan corporations, if the owners are resident in the Netherlands. A decade later, as much as half of Uganda’s foreign investment is owned from the Netherlands, at least on paper. The result of the current treaty is lost tax revenue in Uganda, which could have paid for essential public services for the Ugandan people” [34].

Commonly used methods by companies to eliminate or reduce tax in the country of residence or in the intermediate country may include preferential tax regimes, the use of hybrid mismatch arrangements or excessive deductible payments[35].

3.2. Mostly used BEPS methods by MNEs in digital economy

- **Artificial internal trading of intangibles:** Through simulation internal trading of intangibles they shift profit, for instance, management fees or international property licensing.

- **Thin capitalisation:** A company may reduce risk at local company level by limiting capitalisation. A local subsidiary of a business selling online products may have a warehouse with limited earnings.

- **Internal debt shifting:** In cases where a subsidiary is heavily indebted to another one, the high interest rates decrease the tax base of one subsidiary while increasing the profits of the other.

- **Transfer pricing:** A company may sell goods and merchandise between subsidiaries at a very high price to make some subsidiaries richer or poorer artificially. It may sell services (i.e. management or consultancy) to its subsidiaries, which may be even imaginary services.

- **Artificial contractual arrangements:** Functions may be carried out by local contractual staff not having authority to conclude contracts on behalf of a non-resident enterprise.

- **Circumvention of Controlled Foreign Company (CFC) rules:** Complex hybrid arrangements (double non-taxation, double deduction, long-term deferral) may be designed to benefit from different tax systems and their dealings with financial instruments, asset transfers or entities with the aim of circumventing CFC rules.

3.2.1. Intellectual Property (IP) Box

Preferential tax regimes: In case of MNEs, usually, when they do tax planning, location of their subsidiaries plays important role. Usually, they locate subsidiary which own brand, copyright, and patents to low tax jurisdictions, and linking other subsidiaries with them to pay royalties.

One of the methods is a **patent box**. A patent box or sometime also know as Intellectual Property (IP) Box is a “tax advantage offered to companies for income earned from intellectual property. IP box tax rates are in general applied to IP profits and they allocate IP expenses (management expenses or financing costs) to IP income” [36].

However, numerous MNEs abusing IP box to reduce their tax base and to shift profits to patents in low tax jurisdictions. According to European Commission report of 2015, patent box became BEPS tool as well, and does not aim innovation and research [37].

Tax authorities increasingly struggle to tax income from intangible assets in a way that prevents IP income from being shifted abroad. Moreover, policy makers are concerned that “research and development (R&D) as well as innovative activities, which are associated with positive spillovers, are relocated to other countries for tax reasons” [38]. The intellectual property such as patents, trademarks

and copyrights constitute a challenge as they lack a fixed location (absence of nexus) and therefore can be easily relocated at nontax costs.

The UK is encouraging returns on earnings from patents and other innovations and reduces the tax rate to 10 % [39] and this also creates concern for EU member states if this leads to race to bottom. Moreover, US announced its own patent box as well [40].

In 2014, IP box regime reached 12 in Europe. Regimes differ considerably in terms of the "IP Box tax rate, the scope of eligible types of IP and IP income, the treatment of acquired IP and the calculation of the IP Box tax base" [41]. Malta had lowest rate which is 0% and highest was France 15 %, widest range of eligible types of IP can be found in Switzerland, Cyprus, Hungary, Liechtenstein and Luxembourg, which apply to designs, models, trademarks, copyrights (software etc.) and other types of intangibles in addition to patents. European Parliament study concluded that most of the IP regimes were more concentrated on attracting IP income rather than innovation and R&D. Some of them were so controversial, that violated EU competition law. For instance, Cyprus IP box regime was so wide in range, that it even included non-IP ranges [42].

3.2.2. Sweetheart deals

Tax rulings or preliminarily also referred to as 'sweetheart deals' include information by financial authorities that is legally binding and these rulings regularly give rise to criticism in connection with tax dumping. Although, "at the first sight this sounds harmless and fundamentally is also sensible in order to create legal certainty as it is possible to clarify in advance how particular complex tax situations are to be dealt with before they actually arise" [43].

One type of ruling is the so-called **advanced pricing agreements** (APAs), which are used by multinational corporations to get approval of their transfer pricing methods. Tax rulings have attracted increasing amounts of attention since they have been known to be used by multinational corporations to obtain legal certainty for tax avoidance practices. The documents exposed in the LuxLeaks scandal were APAs [44].

Even after the LuxLeaks scandal, the number of "sweetheart deals" and APAs did not decrease. Denmark modified its APA procedures, which allows to "disregard a ruling if the value of transferred assets is significantly different from the value approved in the ruling, justifying this change by difficulties of pricing intellectual property correctly" [45].

3.2.3. Transfer Pricing

A transfer price is the price that is set for the exchange of goods and services between various subsidiaries of a corporate group. According to the OECD's arms-length principle, subsidiaries of a group are treated as "if they were legally independent companies and their transactions are organized following standard transaction related methods and profit methods. The original aim of this principle was to ensure that all countries could share the profits as if they were made by a legally independent company" [46].

Yet, it is criticised for having 'failed in its declared goal of creating markets inside multinational corporations where they do not really exist.' The OECD acknowledged in the 1960s that market based prices are often nowhere to be found, allowing the use of formulary methods for calculation of the prices that corporations use in intra-firm trade [47].

MNEs can use transfer pricing to attribute income to tax havens by arbitrarily inflating prices for goods and ser-

vices. "This is a widespread practice in the digital sector where intangible assets such as patent rights, royalty rights or marketing rights can be established in low-tax jurisdictions or tax havens". "...subsidiaries based in high-tax jurisdictions then have to pay royalties for these intangible assets (company names, software licenses etc.), which can be deducted from their tax base as operating expenses" [48].

3.2.4. Hybrid Mismatches

Hybrid mismatches are arrangements designed to benefit from different tax systems and their dealings with financial instruments, asset transfers or entities with the aim of double non-taxation. For example, "MNEs take advantage of differences in tax regulations by using a financial instrument, which can be regarded as equity (deductible) in one country but as dividend (tax-exempt) in another" [49].

3.3. Major BEPS Risks in the Area of Indirect Taxation

Advances in digital technologies make it possible for MNEs and other companies to "legitimately" take the tax base (income tax as well as **VAT**) into cyberspace. The current rules were not designed for the digital economy. "Traditional international sales were effectuated with customs collecting duties and filling forms with costs yet one cannot view the forms filled by a customs officer in the case of an online purchase as it is only sent from supplier to user. Hence, attaching VAT to online sales constitutes a big challenge, especially because there is no intermediary involved" [50]. E-commerce can be carried out through emails, websites, distance selling, digital downloads etc. Whether e-commerce should be taxed has been a matter open to discussion as more and more transactions are carried out online [51].

VAT taxing of e-commerce or digital economy is problematic due to anonymity of parties, difficulty to determine the amount of tax, lack of trail, tax havens transactions, companies' operations located in multiple jurisdictions, tax authorities lack of capacity to identify companies and to supervise and manage consumption taxes, additionally, that kind of operations might be costly [52].

'The problem of cyberisation affects VAT collection. It is impossible in Business to Consumer (B2C) transactions if the foreign online vendor has no physical presence and does not register for VAT in the market country. In Business to Business (B2B) transactions, if the purchased goods or services qualify for input tax credit to the local business purchaser, the VAT revenue loss may be insignificant' [53].

Cross border trade creates new challenges for VAT systems in the absence of an international framework to register and manage payments to a large number of tax authorities whereas managing tax liabilities by a high volume of low value transactions is administratively difficult [54].

Bibliography:

1. https://en.oxforddictionaries.com/definition/digital_economy
2. Don Tapscott, The Digital Economy: Promise and Peril In The Age of Networked Intelligence (McGraw-Hill)
3. OECD (2015), Addressing the Tax Challenges of the Digital Economy, Action 1 - 2015 Final Report, OECD Publishing, Paris

4. OECD (2015), Addressing the Tax Challenges of the Digital Economy, Action 1 - 2015 Final Report, OECD Publishing, Paris p14
5. United Nations Department of Economic and Social Affairs (2014) Protecting the Tax Base in the Digital Economy, p. 5.
6. Tax Executives Institute, BEPS Action 1 Digital Economy, 13 April 2014.
7. Richard Doernberg, Luc Hinnekens, Walter Hellerstein & Jinyan Li, Electronic Commerce and Multijurisdictional Taxation: 37 (2001).
8. Measuring the information economy, ANNEX 4. The OECD definition of internet and E-commerce transactions 89 (2000), < www.oecd.org/sti/ieconomy/2771174.pdf >
9. Tax-News (2016) Time to Kill Corporate Tax, p.3.
10. Tax-News (2016) Time to Kill Corporate Tax.
11. ECIPE Occasional Paper No.4 (2014) OECD / G20 BEPS: Reconciling Global Trade, Taxation Principles and the
12. Digital Economy, p.4.-p6
13. ECIPE Occasional Paper No.4 (2014) OECD / G20 BEPS: Reconciling Global Trade, Taxation Principles and the
14. Digital Economy, pp.6-7.
15. ECIPE Occasional Paper No.4 (2014) OECD / G20 BEPS: Reconciling Global Trade, Taxation Principles and the
16. Digital Economy, p.5.
17. Tax-News (2016) Time to kill corporate tax, p.7.
18. Eurodad (2015) Fifty Shades of Tax Dodging: The EU's role in supporting an unjust global tax system', p.24.
19. European Parliament Directorate-General For Internal Policies Policy Department A Economic and Scientific
20. Policy. In-Depth Analysis for the TAXE Special Committee (2015) Intellectual Property Box Regimes, p. 5.
21. Eurodad (2015) Fifty Shades of Tax Dodging: The EU's role in supporting an unjust global tax system', p.8.
22. European Parliament Directorate General for Internal Policies. Policy Department A. Economic and Scientific
23. Policy In-depth Analysis for the ECON Committee (2015) Presentation: Challenges for Competition Policy in a
24. Digitalised Economy, p.28.
25. European Parliament Directorate General for Internal Policies. Policy Department A. Economic and Scientific
26. Policy In-depth Analysis for the ECON Committee (2015) Presentation: Challenges for Competition Policy in a
27. Digitalised Economy, p.25.
28. European Parliament Directorate General for Internal Policies. Policy Department A. Economic and Scientific
29. Policy In-depth Analysis for the ECON Committee (2015) Presentation: Challenges for Competition Policy in a
30. Digitalised Economy, p.14.
31. European Parliament Directorate General for Internal Policies. Policy Department A. Economic and Scientific
32. Policy In-depth Analysis for the ECON Committee (2015) Presentation: Challenges for Competition Policy in a
33. Digitalised Economy, p.19.
34. Eurodad (2015) Fifty Shades of Tax Dodging: The EU's role in supporting an unjust global tax system, p. 47.
35. Ault, Hugh J. and Schoen, Wolfgang and Shay, Stephen E., 'Base Erosion and Profit Shifting: A Roadmap for Reform' (June 1, 2014). Bulletin for International Taxation, Vol. 68, p. 275, 2014; Boston College Law School Legal Studies Research Paper No. 324. Available at SSRN: <https://ssrn.com/abstract=2459646> p. 278.
36. de Wilde, Maarten Floris, Tax Jurisdiction in a Digitalizing Economy; Why 'Online Profits' are so Hard to Pin Down (December 1, 2015). Intertax, Vol. 2015, Issue 12, pp. 796-803. Available at SSRN: <https://ssrn.com/abstract=2702222>, p. 800.
37. de Wilde, Maarten Floris, Tax Jurisdiction in a Digitalizing Economy; Why 'Online Profits' are so Hard to Pin Down (December 1, 2015). Intertax, Vol. 2015, Issue 12, pp. 796-803. Available at SSRN: <https://ssrn.com/abstract=2702222>, p. 797.
38. The dematerialization of a product literally means less, or no material is used to deliver the same level of functionality to the user
39. United Nations Department of Economic and Social Affairs (2014) Protecting the Tax Base in the Digital economy, p. 31.
40. United Nations Department of Economic and Social Affairs (2014) Protecting the Tax Base in the Digital Economy, p. 28.
41. United Nations Department of Economic and Social Affairs (2014) Protecting the Tax Base in the Digital Economy, pp.34-35
42. OECD (2014) Model Convention with Respect to Taxes on Income and on Capital (<https://www.oecd.org/ctp/treaties/2014-model-tax-convention-articles.pdf>).
43. United Nations Department of Economic and Social Affairs (2014) Protecting the Tax Base in the Digital Economy, p.31.
44. 42 United Nations Department of Economic and Social Affairs (2014) Protecting the Tax Base in the Digital Economy, p. 36.
45. <http://www.newsweek.com/behind-amazons-tax-strategy-494325>
46. ActionAid 'Mistreated: The tax treaties that are depriving the world's poorest countries of vital revenue'.
47. OECD Final Report (2015) Addressing the Tax Challenges of the Digital Economy, Action 1, p.81.
48. Policy Department A: Economic and Scientific Policy, 'Tax Challenges in the Digital Economy' [2016] European Parliament
49. Annette Alstadsæter, Salvador Barrios (2015), Patent Boxes Design, Patents Location and Local R&D. European Commission
50. European Parliament Directorate-General For Internal Policies Policy Department A Economic and Scientific
51. Policy. In-Depth Analysis for the TAXE Special Committee (2015) Intellectual Property Box Regimes, p.5.
52. Farny Otto, 'Tax Avoidance, Tax Evasion, Tax Havens', May 2015, p.23.
53. Eurodad (2015) Fifty Shades of Tax Dodging: The EU's role in supporting an unjust global tax system, p.20.

54. European Parliament Directorate-General For Internal Policies Policy Department A Economic and Scientific Policy

55. In-Depth Analysis for the TAXE Special Committee (2015) Intellectual Property Box Regimes, p.5

56. European Parliament Directorate-General For Internal Policies Policy Department A Economic and Scientific Policy

57. In-Depth Analysis for the TAXE Special Committee (2015) Intellectual Property Box Regimes, p.5-p.9

58. Fanny Otto (2015), Tax Avoidance, Tax Evasion, Tax Havens, p. 24.

59. Eurodad (2015) Fifty Shades of Tax Dodging: The EU's role in supporting an unjust global tax system, p.5.

60. Eurodad (2015) Fifty Shades of Tax Dodging: The EU's role in supporting an unjust global tax system, p.53

61. Fanny Otto (2015) Tax Avoidance, Tax Evasion, Tax Havens, p.25.

62. Nick Shaxson (2015) Taxing corporations: The Politics and Ideology of the Arm's Length Principle. Tax Justice Network

63. Policy Department A: Economic and Scientific Policy, 'Tax Challenges in the Digital Economy' [2016] European Parliament p 28

64. Policy Department A: Economic and Scientific Policy, 'Tax Challenges in the Digital Economy' [2016] European Parliament p29

65. Rogers, K. M., (2011) 'The Internet and the Law', Palgrave Macmillan, Hampshire and New York, p 88.

66. Rogers, K. M., (2011) 'The Internet and the Law', Palgrave Macmillan, Hampshire and New York, p 86.

67. Nick Shaxson (2015), So: What kinds of corporate tax schemes won't BEPS stop Tax Justice Network.

68. United Nations Department of Economic and Social Affairs (2014) Protecting the Tax Base in the Digital Economy, p.31.

69. United Nations Department of Economic and Social Affairs (2014) Protecting the Tax Base in the Digital Economy, p.30.

М. Уразалиев

и.о.доцента кафедры

«Уголовное право и криминологии» ТГЮУ

УЧАСТИЕ МЕСТНЫХ ОРГАНОВ ГОСУДАРСТВЕННОЙ ВЛАСТИ НЕКОТОРЫХ ЗАРУБЕЖНЫХ СТРАН В ОРГАНИЗАЦИИ ПРАВООХРАНИТЕЛЬНОЙ ДЕЯТЕЛЬНОСТИ

Аннотация: в статье автор раскрывает роль местных органов государственной власти в организации правоохранительной деятельности в некоторых зарубежных странах, взаимоотношения с различными правоохранительными органами, их права и полномочия в этой сфере.

Ключевые слова: государственная власть на местах, местный орган, система местного самоуправления, коммуна, местный совет, префект, координация, полномочие, правоохранительный орган, территориальное управление.

Аннотация: мақолада муаллиф айрим хорижий мамлакатларда маҳаллий ҳокимият органлари томонидан жойларда ҳуқуқни муҳофаза қилиш фаолиятини ташкил этиш борасидаги роли, хусусан, турли ҳуқуқни муҳофаза қилувчи органлар билан ўзаро муносабати, бу борадаги ҳуқуқ ва ваколат доираси кўриб чиқилган.

Калит сўзлар: маҳаллий давлат ҳокимияти, маҳаллий орган, маҳаллий ўзини ўзи бошқариш тизими, коммуна, маҳаллий кенгаш, префект, мувофиқлаштириш, ваколат, ҳуқуқни муҳофаза қилувчи орган, ҳудудий бошқарув.

Annotation: in the article author had shown the role of the municipal bodies of the state power upon the organization of law defense activity in some foreign countries as well as the relations with different law defense bodies, their rights and powers in this sphere.

Keywords: municipal state power, municipal body, the municipal bodies system, commune, municipal council, prefect, coordination, power, law defense body, territorial government.

Формирование в Узбекистане гражданского общества в условиях глобализации и стремительно меняющегося современного мира повышает ответственность местных органов власти за реализацию задач социально-экономического развития страны, и тем самым создает необходимые предпосылки для того, чтобы оптимизировать действующую систему государственного управления, в том числе обеспечить более эффективное взаимодействие органов государственной власти на местах (представительных органов власти и органов исполнительной власти на местах) и территориальных подразделений правоохранительных органов (органов юстиции, прокуратуры, внутренних дел, службы государственной безопасности, налоговых органов и др.) по координации правоохранительной деятельности в регионе.

По мере осуществления в стране судебно-правовой и административной реформ, структурирования правоохранительной системы, специализации ее элементов все более очевидной становится необходимость развития теоретических основ координации правоохранительной деятельности, особенно в сфере профилактики и предупреждения преступности, по-