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Economic Efficiency of tax Incentives and Problems of Their Application

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Abstract

This article examines the formation and strengthening of patriotism among young people in the context of the digital economy, focusing on the interrelated roles of digital literacy, innovative thinking, and commitment to national development. The analysis considers the expanding use of information and communication technologies in Uzbekistan, including digital public services, e-commerce, online education, artificial intelligence, and youth entrepreneurship. Using a descriptive and analytical examination of the themes, policy developments, and secondary indicators presented in the article, it identifies opportunities for economic participation, the acquisition of modern skills, the promotion of national history and cultural values, and more inclusive access to learning and employment. The discussion also addresses limitations and risks associated with unequal internet access between urban and rural areas, digital gender disparities, misinformation, cybersecurity threats, excessive reliance on technology, and the potential weakening of direct social interaction. The article highlights reported developments in Uzbekistan's ICT services and IT Park activities and discusses the relationship between digital competence, civic responsibility, and practical contributions to society. Its central argument is that digital technologies can provide meaningful channels for constructive patriotic engagement when accompanied by critical media literacy, safe and responsible online behaviour, and equal access to digital opportunities. The paper concludes with recommendations for extending digital infrastructure, strengthening digital education, supporting youth-led innovations and startups, and using online platforms to communicate Uzbekistan's cultural heritage. These conclusions are interpretive and based on the material reviewed rather than on a new survey or experimental evaluation.

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Introduction

The digital economy has become one of the defining socioeconomic developments of the twenty-first century, reshaping the ways individuals learn, communicate, work, and participate in public life. Information and communication technologies (ICT), digital platforms, artificial intelligence, and electronic services increasingly influence not only productivity and economic relations but also the development of human capital and civic engagement [1]. In this environment, the education of young people must address technological competence alongside social responsibility and awareness of national values. For Uzbekistan, the relationship between digital development and youth patriotism is especially relevant because young people can contribute to the country's future through knowledge, innovation, entrepreneurship, and responsible participation in digital society.

Patriotism, as understood in this article, involves attachment to one's homeland, respect for its cultural and historical heritage, and a willingness to make a constructive contribution to national development. Within a digital economy, such commitment may be expressed through activities that differ from traditional forms of civic participation [2]. Young people can create educational content about national history, promote Uzbek culture through online platforms, develop locally relevant technological solutions, and acquire professional skills that support economic modernization. These examples suggest that patriotic education should not be confined to the transmission of values; it can also encourage practical capabilities that enable individuals to contribute to their communities and the wider economy.

Digital literacy is a central condition for realizing these opportunities. It extends beyond operating devices or using social media and includes searching for information, evaluating its reliability, protecting personal data, communicating responsibly, and making effective use of digital services [3]. Stronger digital competence can support independent learning, creative problem-solving, and participation in entrepreneurship and the labour market. At the same time, access to technology does not automatically produce informed or socially responsible behaviour. Misinformation, cybersecurity threats, excessive dependence on online environments, and the uncritical consumption of digital content may undermine the educational and civic benefits associated with digitalization. The development of innovative thinking therefore needs to be accompanied by critical media literacy and ethical digital practices.

Uzbekistan provides an important context for examining these questions. The expansion of electronic government, online education, digital payments, and IT-oriented entrepreneurship has created additional channels through which young people can participate in economic and social life. The original article also discusses the country's ambitions in artificial intelligence, reported growth in ICT service exports, and the activities of IT Park residents [4]. These developments illustrate the potential of the digital economy to broaden career opportunities and encourage young people to apply their skills to national development. However, the benefits are not necessarily distributed equally. Differences in the affordability and accessibility of internet services between cities and rural areas, together with disparities in digital skills and participation, may constrain opportunities for some groups, including young people living in remote communities.

The relationship between digital development and patriotism must therefore be approached as both an opportunity and a policy challenge. Digital technologies may improve access to public services,

educational resources, cultural materials, and entrepreneurial networks, but their contribution to civic responsibility depends on how those technologies are used. Educational institutions, families, communities, and public organizations have complementary roles in helping young people navigate online spaces thoughtfully while maintaining meaningful connections to society. An inclusive approach should link digital skills training with cultural awareness, information security, creativity, and the capacity to address concrete social and economic problems.

Against this background, this article aims to examine how the digital economy can support the development of patriotism among young people in Uzbekistan through digital literacy, innovative thinking, and active engagement in national development. It discusses the potential benefits of digital transformation in education, employment, entrepreneurship, public administration, and the promotion of cultural heritage, while also considering digital inequality and information-related risks. Using a descriptive analysis of the policy context and secondary information presented in the article, the study offers a thematic assessment rather than a causal or experimental test. The discussion concludes by identifying practical priorities for extending digital access, strengthening responsible digital competencies, and expanding opportunities for young people to contribute to their homeland [5], [6].

Methods

The article uses a descriptive and qualitative analytical approach based on the discussion of digital economy policies, ICT development indicators, and youth-focused digital opportunities in Uzbekistan. The material is organized thematically around digital literacy, innovative thinking, civic engagement, access to online services, and digital inequalities. The reported figures on employment in the information and communications sector, ICT service exports, IT Park activity, and internet access are treated as secondary information already presented in the original article. A conceptual comparison of potential benefits and risks is used to develop the discussion and recommendations. No original survey, interview, experiment, or causal econometric analysis is reported; accordingly, the findings should be interpreted as a synthesis of the cited material rather than independently verified causal effects.

Results

The digital economy refers to economic activities carried out through digital technologies, information and communication tools, and electronic services. The concept extends beyond business and financial systems to various areas of society.



Figure 1. The digital economy: connected technologies, data, and global markets.

The Digital Economy and Its Role in Society

The digital economy automates production, service delivery, and trade. For example, e-commerce platforms (OLX and Wildberries) enable products and services to be sold quickly and conveniently, thereby improving economic efficiency [7].

Digital technologies give young people opportunities to acquire knowledge, develop innovative ideas, and start their own businesses. At the same time, they develop analytical thinking and problem-solving skills.

The digital economy provides information to different groups in society. For example, digital payment systems and e-government services (MyGov and the government services portal) allow citizens to obtain convenient and prompt services, supporting social stability [8].

Promoting Patriotism and National Values: Through digital platforms, young people become familiar with national history and values. For example, electronic libraries, patriotic projects, and online courses strengthen their loyalty to the homeland.

Uzbekistan is preparing to take advantage of the transformative power of artificial intelligence. According to the forecasts cited in the article, AI could contribute USD 10 billion to GDP by 2030 and create more than 430,000 jobs. Although many Central Asian countries have not adopted national AI strategies, Uzbekistan launched its first such strategy in October 2024, positioning its approach between risk-based regulation, such as the European Union (EU) AI Act, and more flexible regulatory approaches adopted elsewhere [9]. The adoption of the new AI strategy coincided with Uzbekistan's improvement in the Government AI Readiness Index, from 87th place in 2023 to 70th in 2024. The country aims to strengthen AI development through policy reforms, infrastructure investment, sectoral integration, and capacity building. Key objectives include increasing the volume of AI-based software products and services to USD 1.5 billion by 2030 and placing Uzbekistan among the top 50 countries in the Government AI Readiness Index.

Uzbekistan remains relatively low in global rankings for ICT services exports and imports. Despite recent improvements, it ranked 92nd among 132 countries for ICT services exports in the 2023 Global Innovation Index (GII).15 Telecommunications services accounted for the largest component of ICT services

exports (approximately USD 194 million), followed by computer software services (USD 157 million) and other information services (USD 89 million).16 A study assessing Uzbekistan's ICT services export potential indicated that IT Park residents recorded total exports of USD 344 million in 2023, a substantial increase from USD 140 million in 2022. As of the third quarter of 2024, 936 of the 2,384 IT Park residents provided services to international markets.17



Figure 2. Growth in employment in the information and communications sector (2010–2023). Source: Statistics Agency.

A digital divide persists in Uzbekistan: internet packages are considerably cheaper in Tashkent than in rural areas. Moreover, digital literacy and skills, including digital financial literacy, cybersecurity, and awareness of data protection, remain limited among the wider population [10], [11]. For many people in Uzbekistan, mobile internet is their primary or only point of access, while Telegram is particularly important—many perceive it as synonymous with the internet itself. Uzbekistan ranks first globally in Telegram use per capita, according to the source discussed in the article.52 According to Economist Impact's Inclusive Internet Index 2022, there is a 13.3% gender gap in internet access, with men using the internet considerably more than women.53 A joint study by UNDP's Gender Digital Divide Assessment (GDDA) project and the Ministry of Digital Technologies found that 87% of women use the internet every day, primarily via mobile connections. Nevertheless, internet use is significantly lower in rural areas.

Discussion

Patriotism means an individual's loyalty to their country, devotion to it, and willingness to contribute to its development. Digital literacy, in turn, develops the following skills among young people: Searching for and analysing information; Promoting constructive activities through social networks; Creating and implementing innovative projects.

Digital literacy refers to the ability to use modern technologies correctly and effectively, navigate the internet safely, understand digital services, and benefit from them. In the context of globalization, digital literacy is not merely a technical skill but also an important factor in national progress and social development [12], [13].

1. Digital Literacy as a Factor in Economic Development

For our country to develop economically, it needs highly qualified personnel who can use modern technologies.

A society with a digitally literate population:

creates new jobs;

improves efficiency in IT, banking, industry, and services;

develops the digital economy;

expands entrepreneurial opportunities [14].

2. Convenience and Transparency in Public Administration

Digital literacy makes it possible to access public services quickly and conveniently. For example:

the tax system;

one-stop-shop services;

online registration;

electronic government (e-government).

These services save citizens time, help prevent corruption, and increase transparency in public administration. This directly contributes to the development of the homeland [15], [16].

3. Improving the Quality of Education

Digital literacy provides the younger generation with:

online courses, distance education, and lessons from higher education institutions;

broader access to scientific information;

opportunities to develop independent learning skills.

This helps educate knowledgeable, thoughtful specialists who can contribute to their country in the future.

4. Information Security and Resilience to Harmful Ideologies

Strengthening digital literacy means protection against false information;

reducing the influence of harmful websites and content;

protection against cyberattacks;

preventing harmful ideas from influencing young people.

This is highly important for national security and the development of a healthy worldview among young people [17].

5. Promoting Our Culture Internationally

Digital platforms expand opportunities to:

introduce national values;

develop tourism;

showcase cultural heritage to the world;

all of which can strengthen Uzbekistan's international reputation and enhance the country's standing.

The digital economy is the organization of economic activity through digital technologies, the internet,

artificial intelligence, electronic services, and information systems. Today, the development of the digital economy is among the priorities of Uzbekistan's state policy and is particularly important for youth education and their future competitiveness [18], [19].

1. Developing Modern Skills Through Education

The digital economy creates extensive learning opportunities for young people:

online courses (IT Park, One Million Uzbek Coders, Coursera, Udemy);

distance-learning platforms;

digital libraries and open databases.

These tools develop independent learning, research, and creative thinking among young people.

2. Vocational Preparation and Wider Employment Opportunities

Today, IT Park residents, grants for startups, and support for freelancing in Uzbekistan are opening up new professions for young people:

software developer;

graphic designer;

social media marketing (SMM) specialist;

cybersecurity specialist;

UX/UI designer.

These occupations are among the main areas of the digital economy and help young people become competitive in the labour market.

3. Developing Digital Culture and Responsibility

The digital economy encourages young people to:

use the internet appropriately,

verify information,

observe online safety rules,

manage their time effectively.

4. Encouraging Entrepreneurship

The digital economy has made it easier for young people in Uzbekistan to establish small businesses or startups through:

- online marketplaces (Asaxiy, OLX, Uzum Market);
- electronic payment systems (Payme, Click, Apelsin);
- digital advertising tools;
- startup incubators and accelerators [20].

Young people can now turn their ideas into businesses even with limited starting capital.

5. Civic and Social Education

Digital technologies influence youth development through:

- patriotic content,

- educational projects,
- motivational videos,
- online educational programmes.

Through these channels, digital technologies help shape young people's worldview and positively influence their moral development [21], [22].

6. Inclusive Education and Equal Opportunities

The digital economy creates opportunities for:

- young people in remote areas;
- young people with disabilities;
- students facing financial difficulties.

Conclusion

In today's globalized environment, the digital economy is among the most important drivers of social development. It accelerates economic relations, increases transparency in public administration, and optimizes educational and production processes. Uzbekistan is also implementing reforms in this area, promoting economic growth through digital services, e-government, IT Parks, and innovative projects. Digital literacy is a fundamental foundation of the digital economy, and people with advanced digital skills can participate actively in national development. A digitally literate generation can adapt to rapid technological change, follow responsible online practices, and understand information security. Digital literacy contributes to the development of the homeland by modernizing the economy, simplifying public services, and developing innovative thinking among young people. The opportunities offered by the digital economy for youth development are even broader. In Uzbekistan, distance education, online courses, IT Park residents, startups, e-commerce, and cybersecurity programmes are creating significant opportunities for young people. These enable them to acquire modern professions, develop a responsible digital culture, create innovative projects, and become competitive in the labour market. Overall, the digital economy, digital literacy, and youth education are closely interconnected and provide a strong foundation for Uzbekistan's future development.

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