IMPROVING THE ASSESSMENT OF CORPORATE FINANCIAL PERFORMANCE AND INVESTMENT DECISION-MAKING IN THE CONTEXT OF TAX ADMINISTRATION DIGITALIZATION

Rafieva Zarina Khusanovna
senior teacher
"Department of Investment and Innovations"
Samarkand Institute of Economics and Service

Murodov Asilbek
student of IRB-322 group
Samarkand Institute of Economics and Service
https://doi.org/10.5281/zenodo.23527677

Annotation. This article examines the theoretical and practical aspects of assessing corporate financial performance and improving investment decision-making in the context of tax administration digitalization. It explores the role of electronic tax reporting, digital data exchange, and automated analytical tools in enhancing the accuracy, transparency, and timeliness of information regarding corporate financial activities. The study also considers the opportunities for evaluating corporate liquidity, solvency, financial stability, and profitability through the effective use of data generated by digital tax administration systems. Particular attention is given to the comprehensive analysis of financial indicators, the evaluation of investment project efficiency, the assessment of financial risks, and the rational allocation of investment resources.

Keywords: tax administration, digitalization, corporate financial performance, financial analysis, investment decisions, electronic tax reporting, digital economy, financial stability, liquidity, profitability, investment risks, financial information, data analytics, economic efficiency, digital technologies.

Introduction. The digitalization of tax administration has become an important factor in improving financial transparency and the quality of economic decision-making. The implementation of electronic tax reporting, digital information systems, and automated data processing creates new opportunities for assessing corporate financial performance more accurately and efficiently. These technologies enable businesses to monitor financial indicators, identify potential risks, and improve the reliability of investment planning. However, the effective use of digital tax data requires appropriate analytical methods, reliable information, and efficient financial management practices. Therefore, this article aims to examine how digitalization of tax administration can improve corporate financial assessment and contribute to more informed, efficient, and risk-conscious investment decisions.

Main body. Yuhan He and Yang Yi (2023), in their study Digitalization of Tax Administration and Corporate Performance: Evidence from China, examined the effects of digital tax administration on corporate financial outcomes. Their findings indicate that digitalization may affect firms through changes in tax burdens, investment levels, and financial

distress, with outcomes varying across companies. [1] The significance of this research is that digital tax administration should not automatically be regarded as beneficial for every enterprise in every circumstance. Although digital systems can improve tax compliance and financial transparency, stronger enforcement may also increase the tax burden of some businesses and constrain their investment capacity. Therefore, when assessing corporate financial performance, it is important to examine not only the benefits of digitalization but also its effects on liquidity, profitability, debt obligations, and available investment resources.

For practical purposes, enterprises can combine electronic tax reporting data with accounting statements to calculate liquidity, solvency, profitability, and financial independence ratios. This integrated approach helps management identify financial weaknesses and develop measures to improve the efficient use of available resources.

Liguang Zhang, Wanyi Chen, and Liao Peng (2023) investigated the relationship between tax enforcement and corporate investment efficiency. Their research found that stronger tax enforcement supported by information systems can improve investment efficiency by reducing excessive investment expenditure [2]. This finding suggests that digital tax administration can influence not only tax compliance but also the quality of corporate investment decisions. More reliable accounting information and stronger oversight can help reduce inefficient spending and encourage managers to allocate resources more carefully. For enterprises, this means that investment planning should be based on verified financial information, projected cash flows, and an assessment of the expected economic return. However, improved investment efficiency does not necessarily mean that total investment will increase; the result may instead reflect a reduction in economically unjustified projects.

Huiqiang Ni, Zhen Yang, and Wenlong Liu (2025) examined the relationship between digital tax administration and the digital transformation of enterprises. Their study found that digitalized tax administration can encourage corporate digital transformation, ease certain financing constraints, and support research and development investment, although the effects differ across businesses [3]. This research highlights the potential relationship between tax administration systems and enterprises' broader technological development. When tax-related procedures become more integrated with digital business processes, companies may have stronger incentives to improve internal information systems, financial reporting, and operational efficiency. These changes can support investment in technology and innovation. Nevertheless, the benefits depend on the enterprise's financial resources, technological readiness, and ability to implement digital solutions effectively.

Manabu Nose, Nicola Pierri, and Jiro Honda (2025), in their study Leveraging Digital Technologies in Boosting Tax Collection, examined how digitalization affects tax collection and compliance. Their findings indicate that greater digitalization within firms is associated with improved tax compliance, particularly among higher-risk taxpayers, and that the results depend partly on the digital capabilities of tax administrations [4]. This finding emphasizes that the benefits of digital tax administration depend on the interaction between public-sector digital systems and enterprises' internal technological capabilities. Companies with well-organized accounting systems can more effectively reconcile tax declarations, invoices, and financial statements. Such consistency strengthens the information base for assessing liquidity, profitability, tax liabilities, and financial risks. Consequently, businesses should treat digital tax data as one component of a broader financial information system rather than as an independent

substitute for accounting analysis. The practical application of this approach involves integrating electronic tax reports with financial statements, cash-flow forecasts, and investment appraisal models. For example, when evaluating a new investment project, a company can use historical revenue and expense records to estimate future cash flows and examine whether expected returns justify the required expenditure. Net present value (NPV), internal rate of return (IRR), and sensitivity analysis can then be used to compare investment alternatives under different economic scenarios.

Hongyan Wang, Jiandong Cheng, and Hang Zhou (2025) studied tax administration informatization and firm productivity using evidence from China's Golden Tax Phase III project. Their research examined how digital tax administration and stricter financial oversight interact in influencing corporate productivity [5]. This research provides a basis for examining tax digitalization as part of a wider institutional and financial environment. The relationship between digital oversight and productivity depends not only on the technology itself but also on the quality of financial management and the company's ability to adapt to regulatory requirements. For corporate managers, the practical implication is that digital compliance systems should be connected with budgeting, cost control, financial forecasting, and investment planning. This integration can improve the consistency of management information and help identify opportunities to use financial resources more productively.

Overall, the reviewed studies demonstrate that digital tax administration can influence corporate financial performance and investment efficiency through several channels, including information quality, tax compliance, financial oversight, and technological development. However, these effects are not uniform across enterprises. Differences in financing constraints, company size, digital capabilities, and market conditions may produce different outcomes. Therefore, improving corporate financial assessment requires an integrated approach that combines digital tax data with accounting reports, financial ratios, cash-flow projections, and investment evaluation methods. Such an approach can help enterprises identify financial risks, improve the allocation of resources, and make more informed investment decisions.

References

1. He, Y., Yi, Y. (2023). Digitalization of tax administration and corporate performance: Evidence from China. International Review of Financial Analysis, 90, Article 102859.
2. Zhang, L., Chen, W., Peng, L. (2023). The impact of tax enforcement on corporate investment efficiency: Evidence from the tax administration information system. Accounting Finance, 63(2), 1635–1669.
3. Ni, H., Yang, Z., Liu, W. (2025). Two birds with one stone: Digitisation of tax administration and the digital transformation of firms. Asian-Pacific Economic Literature.
4. Nose, M., Pierri, N., Honda, J. (2025). Leveraging Digital Technologies in Boosting Tax Collection. IMF Working Paper. International Monetary Fund.
5. Wang, H., Cheng, J., Zhou, H. (2025). Tax administration informatization, financial tightened regulation, and firm productivity: A quasi-natural experiment based on the "Golden Tax Phase III project." International Review of Economics & Finance, 98, Article 104003.