

LEGALIZATION OF STEPS TO ELIMINATE THE HARMFUL EFFECTS OF CRYPTOMA IN THE ECONOMY

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ABSTRACT

In different countries, the implementation of such a digital innovation system in economic practice is carried out in accordance with the strategic goals of the country. This generation of crypto-assets is usually not backed by assets with a specific value, and their value is often very variable, limiting their practical use and turning them into a risky form of investment rather than a profitable currency. With this in mind, we believe that it is advisable for each country to develop a legal framework with a deep thought in the legalization of cryptocurrency.

KEYWORDS: *Crypto-Assets, Regulatory Sandbox, Crypto Fiat Currency, Back-Office*

INTRODUCTION

More and more companies around the world are using bitcoin and other digital assets for investment, operational and transactional purposes. As with any frontier, there are unknown risks, but there are also strong incentives. We believe that every developing country should have its own position in determining how to use and how to use digital assets.

In this regard, a special regime of regulation in the field of crypto-asset turnover of the country will be introduced, with the Presidential Decree (PF-121, 27.04.2022) reorganizing the National Agency for Project Management under the President as the National Agency for Prospective Projects of the Republic of Uzbekistan. [1]

The following are the priorities and activities of the Agency:

- Development and implementation of a unified state policy in the field of crypto-asset turnover;
 - Ensuring compliance with the rights and legitimate interests of investors in the field of crypto-assets turnover;
 - Participate in the development and implementation of measures to combat money laundering, terrorist financing and proliferation of weapons of mass destruction in the field of crypto-assets;
 - Facilitate the initiation and promotion of projects on the introduction of distributed registry technology and other latest technologies in public administration and various socio-economic sectors.
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According to the amendments to the decree, the Agency will establish a special regime of regulation in the field of crypto-assets turnover (special regime "Regulatory Sand"), which provides for the creation of special organizational and legal conditions for legal entities introducing technologies in the field of crypto-assets. [2]

As part of the pilot projects in the special regime "Regulatory Sands": Participants of the special regime make mandatory contributions to all types of taxes and state trust funds, as well as equipment, components, parts not manufactured in the Republic of Uzbekistan, imported for their own needs according to duly approved lists, exempt from customs duties (excluding customs duties) for nodes, technological documentation, software; [3]

Income in the form of wages received by employees under employment contracts with participants of the special regime is subject to personal income tax at a fixed rate of 7.5% and is not included in the total annual income of individuals determined for tax purposes. [4]

Crypto-asset risk is part of the attraction of assets to avoid the need for a central registry and institution, allowing safe and simple transactions without intermediaries between the two parties. However, in the absence of this regulation, crypto-assets now pose a significant risk outside the scope of legislation in countries. When dealing with crypto-assets, consumers are not covered by the rules of protection and are often not well informed about the risks, which can mean losing money. Extensive unregulated use of crypto-assets can lead to financial instability, market manipulation, and financial crime. Because transactions are largely anonymous, cryptocurrencies can also be widely used for criminal activity. Given its impact on the environment, the technology uses large amounts of electricity, which has an impact on the environment in terms of high electricity consumption. According to calculations, the energy consumption of bitcoin is equal to that of a small country. [5]

To make your company think about crypto, here are some reasons why some companies are currently using crypto:

- Crypto can provide access to new demographic groups. Users often represent more modern customers who value transparency in their transactions. A recent study found that 40 percent of customers who pay with crypto are new customers of the company, and their purchase volume is twice that of credit card users.
- Now the introduction of cryptocurrency will help increase the internal awareness of this new technology in your company. It could also help the company position itself in this important emerging area for the future, which includes central bank digital currencies.
- Crypto-tokenized traditional investments can also provide access to new capital and liquidity pools through new asset classes.
- Crypto offers some options that are not available in fiat currency. For example, programmable money allows for real-time and real-time revenue sharing, while also increasing transparency to facilitate back-office reconciliation.
- More and more companies are finding that important customers and vendors want to use crypto. Thus, your business may need to be located to receive and pay for krypton to ensure continuous exchange with key stakeholders.

Crypto offers a new way to improve traditional treasury operations, for example:

- Enable simple, real-time and secure money transfers
- Helping to strengthen control over enterprise capital
- Manage the risks and opportunities of engaging in digital investment

Crypto can serve as an effective alternative or balancing asset to cash, which over time can depreciate due to inflation. Crypto is an investment asset and some, such as bitcoin, have done very well in the last five years. Of course, there are clear volatility risks that need to be considered. [6]

The two main ways to use crypto the first question that is asked when thinking about using crypto in your company's business is: do we keep the crypto on our balance sheet or do we simply accept cryptocurrency payments? To determine the right path for your business, you need to carefully determine which is most appropriate for your business goals. Consider potential benefits, disadvantages, costs, risks, system requirements, and more. The following sections provide a wide range of insights around two different paths when your company embarks on its crypto journey. [7,8]

In conclusion, it can be said that the implementation of such a digital innovation system in different countries in economic practice will be carried out in accordance with the strategic goals set for the country. In France, for example, the main goal of the digital innovation system is to create additional jobs, while in Germany the goal is to develop progressive digital technologies. [9,10]

The main goal of the knowledge-based digital economy is not only the sustainable development of the country in the field of information technology, but also in the socio-economic sphere. [11]

The first crypto-assets were bitcoins, which were introduced as cryptocurrencies in 2008. It has been almost 22 years since the bank switched to an alternative payment method to currencies. By 2020, there were 5,600 different cryptocurrencies with a global value of 250 billion euros (still a relatively small share of the value of all currencies). This generation of crypto-assets is usually not backed by assets with a specific value, and their value is often very variable, limiting their practical use and turning them into a risky form of investment rather than a profitable currency. [12,13] With this in mind, we believe that it is advisable for each country to develop a legal framework with a deep thought in the legalization of cryptocurrency.

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