



LEGAL REGULATION OF USE OF CRYPTOCURRENCIES IN INTERNATIONAL TRANSACTIONS

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Article history:	Abstract:
Received: November 10 th 2023 Accepted: December 10 th 2023 Published: January 14 th 2023	The rise of cryptocurrencies has introduced a paradigm shift in the global financial landscape, challenging traditional notions of currency and finance. This article explores the legal aspects surrounding the use of cryptocurrencies in international transactions, examining the evolving regulatory frameworks and their implications. The decentralized nature of cryptocurrencies, notably exemplified by Bitcoin and Ethereum, presents unique challenges for regulators seeking to strike a balance between fostering innovation and mitigating risks such as money laundering and fraud. This article delves into the diverse approaches taken by countries worldwide to address these challenges, offering insights into the future of legal regulation in the international cryptocurrency sphere and studies the regulation of cryptocurrencies according to legislation of Uzbekistan.

Keywords: cryptocurrencies, transaction, money laundering, implementation

INTRODUCTION. The advent of cryptocurrencies has disrupted traditional financial systems, enabling decentralized and borderless transactions. As these digital assets gain mainstream acceptance, the need for a comprehensive legal framework becomes increasingly apparent. This article seeks to analyze the legal regulation of cryptocurrencies in the context of international transactions, exploring the complexities involved and the divergent approaches taken by various jurisdictions

THE RESULTS OF DISCUSSION. Different countries adopt diverse definitions of cryptocurrencies, resulting in a lack of global consensus. Some nations classify them as commodities, others as currencies, and a few as property. This disparity complicates cross-border transactions and hinders the development of cohesive international regulations.

One of the major concerns associated with cryptocurrency transactions is their potential for facilitating illicit activities. Governments worldwide are implementing AML and KYC regulations to curb money laundering and terrorist financing. However, achieving global compliance remains a significant challenge, as varying standards may create loopholes in the system. The taxation of cryptocurrency transactions on an international scale is another intricate issue. Divergent tax policies across jurisdictions pose challenges for businesses and individuals engaging in cross-border transactions. The absence of standardized tax

treatment increases uncertainty and may hinder the widespread adoption of cryptocurrencies.

Determining jurisdiction in cryptocurrency-related disputes is a complex matter. With transactions occurring on decentralized platforms and across borders, traditional legal frameworks struggle to provide effective remedies. The absence of a centralized authority raises questions about enforceability and accountability in the event of fraud or contractual disputes.

Several countries are actively working on updating their regulatory frameworks to address the challenges posed by cryptocurrencies. The establishment of regulatory sandboxes, collaborative international efforts, and the exploration of central bank digital currencies (CBDCs) are some notable trends. However, achieving global consensus remains an ongoing challenge, with each jurisdiction adapting to the unique needs and concerns of its economy.

Uzbekistan, positioned strategically in Central Asia, has acknowledged the potential of cryptocurrencies and blockchain technology. In 2018, the nation proactively legalized cryptocurrency transactions, establishing a regulatory framework for their utilization. The legislation precisely defines cryptocurrencies as assets, recognizing them as a form of property.

In Uzbekistan's regulatory framework, individuals and entities involved in cryptocurrency activities, including exchanges and miners, are mandated to acquire licenses from the regulatory authorities. This approach is designed to ensure compliance with international



standards, particularly in areas of AML and KYC, while fostering a secure and transparent environment for cryptocurrency transactions.

Moreover, regarding taxation policies, Uzbekistan has implemented a progressive strategy for cryptocurrency transactions. While capital gains tax applies to the buying and selling of cryptocurrencies, individuals and businesses engaged in mining activities enjoy tax exemptions until 2023. This pragmatic approach aims to stimulate innovation and investment in the cryptocurrency sector while maintaining fairness for all participants.

Uzbekistan's commitment to international collaboration on cryptocurrency regulation is evident through its participation in discussions with global regulatory bodies and neighboring countries. This collaborative effort is crucial for addressing cross-border challenges and promoting a consistent regulatory approach.

While Uzbekistan's regulatory framework for cryptocurrencies is a positive step toward embracing innovation, challenges persist. Continuous improvement is necessary for the enforcement of regulations and the efficacy of licensing processes. Furthermore, the global nature of cryptocurrency transactions demands ongoing collaboration with international partners to tackle emerging challenges and ensure a consistent regulatory approach.

CONCLUSION. The legal regulation of cryptocurrency use in international transactions is a multifaceted challenge that requires collaboration among nations. Striking a balance between fostering innovation and addressing risks is crucial for the sustainable development of this emerging financial ecosystem. As cryptocurrencies continue to evolve, an adaptive and internationally coordinated regulatory framework will be essential to ensure the legitimacy, security, and seamless functioning of cross-border transactions in the digital era.

Uzbekistan's venture into the legal regulation of cryptocurrencies illustrates the dynamic nature of the global landscape. As the country navigates the complexities of this evolving sector, its experiences contribute to the broader international dialogue on balancing innovation and risk mitigation. Uzbekistan's regulatory success hinges on its adaptability to emerging challenges, collaboration with international partners, and the cultivation of a secure environment for the global growth of cryptocurrency transactions.

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