



Guidelines for ending tax evasion and fraud schemes through the tax control

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ABSTRACT

This article analyzes ways to reduce the hidden economy through tax control. In this, the specific features of the reforms carried out in the tax authorities were studied. It has also been studied that digitalization of tax administration is one of the main tools to curb the underground economy. In this regard, the opinions and comments of foreign and local scientists were studied. Also, proposals and recommendations have been formulated to improve ways to reduce the share of the hidden economy in our country.

Keywords:

Shadow economy, tax revenues, analysis, risks, efficiency, digital platform, methods and tools, advanced information and communication technologies, optimization, tax incentives, tax rate, tax authority, tax control, tax payers, tax avoidance.

Introduction:

The shadow economy, often referred to as the informal or shadow economy, is a serious problem facing many countries around the world. It includes a range of unreported economic activities and transactions that evade official monitoring, taxation and regulatory control. The prevalence of the shadow economy creates many problems for governments, including lost revenue, distorted economic performance, cuts to welfare programs, and reduced public confidence in the tax system. Tackling the shadow economy has become an important policy issue, and tax reform has emerged as a powerful tool to shed light on this shadowy sector.

Although it is very difficult to estimate the size of the underground economy, it also indirectly indicates the size of the informal sector.

In particular, expert assessments and surveys conducted among business entities indicate that

the hidden circulation in the economy remains at a high level, especially in such areas as trade and general catering, transportation by motor vehicles, housing construction and repair, and the provision of residential services, which harms the economic interests of honest entrepreneurs. delivers, creates unequal business conditions for them.

There are many untapped interdepartmental opportunities and problems waiting to be solved in order to create a healthy competitive environment for the sustainable development of the economy of our republic and to reduce the share of the hidden economy.

Experts and researchers have long emphasized the importance of adopting a holistic approach to curbing the shadow economy through taxation, including regulatory and enforcement measures, but also initiatives to encourage voluntary compliance and improve the overall business environment. These recommendations

often include raising awareness of the benefits of full tax compliance and the risks associated with partial compliance, using taxpayer ratings in public procurement to encourage better tax behavior, and introducing electronic invoicing to simplify tax reporting. Shift to digital payments to reduce opportunities for under-reporting and reduce hard-to-monitor cash transactions.

However, successful integration of these recommendations into national policy and practice requires a concerted effort to bridge the gap between academic understanding and policy implementation. This will ensure that policy decisions are informed by the latest findings and best practices in mitigating the effects of the shadow economy to ensure closer collaboration between policy makers, regulators and the research community.

Literature review

A number of foreign and domestic scientists and representatives of the government continue to study and study the issue of reducing the level of the hidden economy and creating equal competitive conditions in the conduct of business activities in our country with various scientific approaches.

In particular, Swedish economist K.F. According to Becker, the peculiarity of the hidden economy is that the informal economy is an uncontrollable part of the market economy, which produces goods and provides services based on other forms of incentives [1].

Russian scientist A.K. Bekryashev's study of the underground economy suggests paying particular attention to three things in order to ensure the effectiveness of measures to combat it, and to evaluate and measure it. That is, it is shown that global, macro and micro aspects should be revealed [2].

J. Schumpeter (2007) suggests dividing into two types: the risk associated with a possible technical failure in production and the risk associated with the lack of commercial success.

A.K. Pokrovsky (2011) suggests the structural characteristics of risk for consideration: risk, risk propensity, risk sensitivity (vulnerability), interaction with other risks, available information about risk, amount of risk, risk-related costs (costs), identity risks.

Swedish economist K.F. Becker (2004) pointed out that the secret economy is an uncontrollable part of the informal economy, which means that they produce goods and provide services based on other forms of incentives.

Aronov, Kashinlar (2004) in his research, studying the mechanism of collection of taxes and other compulsory payments abroad and in the Russian Federation, the policy of working with taxpayers who refused to pay taxes, their rights and obligations, in the future every a taxpayer voluntarily developed practical recommendations on the obligation to pay taxes and applied these recommendations in the field of collection of taxes and other mandatory payments, proved it and implemented a number of practical measures.

The Chairman of the State Tax Committee Sh. Kudbiyev strongly emphasized that there is no way back in order to ensure the economic stability of our country and increase the welfare of the population, to fight against the underground economy, in particular, to put an end to the activities of "suspicious" enterprises, and the work in this regard will be continued rapidly [3].

Research methodology

Scientific observation, statistical observation, statistical graphs, comparative analysis, data grouping, abstract-logical thinking, induction and deduction methods were used in the research. These research methods serve to form conclusions and suggestions on the reduction of the hidden economy through tax control and the improvement of tax administration, creating an environment of pure competition in business entities.

Analysis and main results

The concept of the hidden economy is based on the opinions of experts and leaders, and it provides a variety of approaches to the study. However, many attempts to establish a law based on its nature are based on consensus. This agreement covers economic, legal and social aspects and reflects the understanding of the situation, its outlook and consequences.

The underground economy is often characterized by high taxes, bureaucratic bureaucracy, overcrowded formal labor markets, or labor markets with strict

regulations. It is possible that this law will lead to many social and economic problems, such as the loss of income, the increase of inequality between countries, and work. Violation of civil rights. Making the hidden economy a reality requires improving the tax policy, reducing bureaucratic barriers and improving the conditions for legal economic activity.

The hidden economy, informal economy, black economy, or the hidden market is a business outside of official and legal boundaries. This sector includes a number of activities, such as drug trafficking, smuggling, illegal immigration and drug trafficking, as well as illegal markets and illegal activities. In particular, the report covers actual financial transactions and unauthorized access. The hidden economy is full of fraud, fraud, tax evasion, corruption, violations of the law, damage to the state budget, and economic abuse. It is related to the original. This has a positive effect on the legal economy and society.

The hidden economy leads to a number of negative consequences, such as the loss of tax revenues, inequality and exploitation of jobs, lawlessness and corruption. Therefore, it creates competition for legal enterprises and hinders economic development. From this point of view, the fight against the underground economy includes increasing the rules and punishments for the violators, strengthening the tax system, encouraging official banking and removing bureaucratic obstacles. He took it upon himself to say it.

It is important to disclose various schemes used by business entities of the hidden economy (in the cross-section of sectors) in our country to avoid paying taxes, to strengthen public control of the population and business entities to reduce the hidden economy.

In particular, if we look at the hidden economic schemes in the network industry, we can see them in the following situations today.

- cases of acceptance of payments to individual bank cards by business entities in the field of retail trade, service and catering (P2P);
- in order to avoid paying taxes by construction enterprises, in the purchase of construction materials, in the construction process, in the realization of built real estate objects;

- in cases of sale of goods without complying with the rules of labeling of alcohol and tobacco products;

- in cases of artificially reducing the wage fund by not registering employees in accordance with the procedure established by business entities and paying them wages in envelopes;

- cases of tax evasion as a result of entering and withdrawing various assets to the charter fund by business entities in the cross-section of industries can be seen.

Curbing the hidden economy through taxes in these areas requires the automation of reporting information on the affiliation of other ministries, departments and organizations to tax authorities, as well as the introduction of some changes to the legislation.

In this case, the Central Bank has information about the cases of acceptance of payments by retail trade, service and public catering enterprises to citizens' bank cards (P2P), and the prices of houses in cash relations when selling new residences to citizens through various schemes by construction companies. Among these are the possibility of detection of cases of artificial reduction by notary offices, lack of protection of the rights of workers employed in the informal sector in labor law, lack of guaranteed labor protection, lack of social security, and inability to use seniority and pension rights in the future.

In this regard, a number of works are being carried out in the tax authorities related to the improvement of tax administration. This is witnessing the process of reducing the level of the hidden economy in our country, creating equal competitive conditions for conducting business activities, including by reducing the regulatory and administrative burden, automating the procedures for compliance with tax legislation and simplifying its procedure. In particular, in accordance with Appendix 3 of the Decree No. PF-6098 of the President of the Republic of Uzbekistan on October 31, 2020 "On organizational measures to reduce the underground economy and increase the efficiency of the activities of tax authorities", assessment of the risk of non-payment of taxes by taxpayers, camera, mobile tax. The development of the segmentation system for

conducting tax control, which determines the segmentation system based on inspections and tax audits, is approved in the Roadmap.

Regarding the implementation of the task in this Roadmap, the Cabinet of Ministers of the Republic of Uzbekistan Decision No. 1 of January 7, 2021 "On managing tax risk, identifying taxpayers (tax agents) with tax risk and organizing and conducting tax audits" was adopted, "Tax "Regulation on risk management and the procedure for identifying taxpayers (tax agents) belonging to the high risk category" was approved.

These changes in the tax administration determined the procedure for identifying, assessing and evaluating the tax risk of business entities as candidates for tax control measures.

According to this innovation introduced by the tax authorities to improve the tax administration, the main task was to develop the automated system of "Comprehensive Tax Risk Management". Accordingly, the Tax Committee has developed an automated system of "Comprehensive Tax Risk Management" based on the requirements of the Regulation.

Integrated management of tax risks is a system of summarizing existing tax risks in business entities as a single tax risk with the help of existing external and internal sources, as well as other software products that identify existing tax risks in tax authorities.

The purpose of this system:

- Comprehensive determination of existing tax risks in business entities without the human factor;
- Assessment of existing tax risks in business entities without the human factor;
- According to the existing tax risks of business entities, their classification into tax risk levels without the human factor;
- Formation without the human factor as a candidate for tax control measures based on the existing tax risk levels in business entities.

This system performs the following tasks:

- Comprehensive identification of existing tax risks in business entities;
- Assessment of existing tax risks in business entities;
- According to the existing tax risks of business entities, their classification into tax risk levels;

- Formation of business entities as candidates for tax control measures based on existing tax risk levels.

Through this automated system, in January-August 2024, tax audits were conducted in 1,367 business entities with a high risk of non-payment of taxes. This is 0.25 percent of the total number of taxpayers (553,200) operating in this period [4].

- Amount of tax risk determined - 3,478.3 billion soums;
- The amount determined in the tax audit is 4,128.3 billion soums.
- The amount determined in the tax audit is divided into sectors:
 - in the field of trade and catering - 2,854.1 billion soums (69.2%);
 - in the field of construction - 429.4 billion soums (10.4%);
 - in the field of production - 248.9 billion soums (6%);
 - in the field of agriculture - 115.8 billion soums (2.8%);
 - in the service sector - 330.8 billion (8%);
 - in the field of transport - 43.3 billion soums (1%);
 - in other sectors - 106 billion soums (2.6%).
- In the conducted tax audits, the tax base of 5,767.1 billion soums was hidden in 388 taxpayers:
 - In 206 entities, the amount of goods sold in the amount of 2,621.2 billion soums was not indicated;
 - In 93 entities, 1,723.2 billion soums worth of goods were not available in the warehouse or at the place of sale during the inventory;
 - In 89 entities, 1,422.7 billion soums worth of unimported goods were stored and/or sold.

To date, 265.6 billion soums (19.6%) of the 1,356.5 billion soums due for payment have been paid.

It is an integral continuation of the policy of combating the hidden economy in our country, and based on the in-depth analysis of the opinions expressed by the President of the Republic of Uzbekistan Shavkat Mirziyoyev in

the dialogues with entrepreneurs held on August 18, 2023 in the format of an open dialogue, as well as the suggestions of the general public, the President of the Republic of Uzbekistan "In the field of combating the hidden economy Decree on measures to improve state control mechanisms" was adopted.

According to the decree, the priority directions of the state policy regarding the fight against the underground economy are as follows:

- development of healthy competition and private business in the country by sharply reducing the scale of the underground economy;
- ensuring economic stability and the well-being of the population by eliminating various schemes of the formation of the underground economy, clandestine production and illegal financial flows;
- increasing the responsibility and accountability of state bodies fighting against secret transactions in the economy by defining specific directions of activity;
- formation of a feeling of intolerance to the secret economy in the general public was determined.

The main goal of this Decree is to support law-abiding entrepreneurs, to reduce the scope of the underground economy not by repressive means, but by providing them with incentives and practical assistance, to protect honest entrepreneurs while refusing to increase punitive measures, to be a real helper for them and an obstacle to business development. it was considered to eliminate the divisive corrupt factors [5].

It should be noted that the underground economy has a number of features that differ from the official, legal economy. Some of the main characteristics of the hidden economy are: **Illegality:** A key feature of the underground economy is that much of its activity is illegal or semi-legal. This includes working under official registration, taxation or legal accounting.

Tax Evasion: One of the main features of the underground economy is tax evasion. Entrepreneurs and businesses in the informal sector often fail to pay taxes, as a result, the government loses tax revenues.

Lack of Regulation: The underground economy operates outside the scope of regulation and

control. This means that it is subject to the same standards and rules as the official economy.

Registered Enterprises: Most companies in the underground economy are officially registered and carry out the necessary formalities, such as obtaining licenses and permits.

Profiteering: The underground economy is often described as profiteering, which makes transactions more transparent and difficult for government agencies to track.

Working without insurance or unemployment benefits: Workers in the informal sector often have no unemployment benefits, such as health insurance and retirement benefits, which can put them in vulnerable and poor working conditions. **Corruption:** The underground economy can facilitate the spread of corruption, as many illegal activities require bribes and collusion with corrupt officials.

Constant change: The underground economy is constantly changing in response to changes in laws and regulations, making it difficult for the government to predict and combat it.

Illegal or Illegal Activity: The underground economy includes activities that are not officially recognized or included in official statistics. This includes underground operations, smuggling, illegal activities, and other activities that circumvent official laws and regulations.

Access to social security: Shadow economy workers often need social security, pensions, and other social security benefits dan mahrum bo'lishadi.

The possibility of getting a loan is shown: It is difficult to get a loan from banks involved in the underground economy, because they often require official and official documents. m eta olmaydi.

Public security issues: Certain aspects of the underground economy, especially smuggling and illegal arms trade, are issues related to public security and international order.

Difficulty: Due to its informal and clandestine nature, the underground economy can be difficult to control and regulate. His struggle calls for measures to strengthen the rule of law, improve the tax system, and encourage official banking. In a word, from the theoretical point of view of secret economics, its influence on the

socio-economic development of the society is in two distinct forms. One of the other is the process of questioning such as such as it is the process of thinking, al-mmml yar yar hisobgallllllllli Ddmmllllll ,ll qilda, aisha, manim manfatlari in analogy accountual harm accountable, bulk Due to the lack of payment, it has a positive effect on the development of the company.

Secondly, this is smuggling, theft, corruption, illegal activities, and these activities are considered to be harmful both economically and morally. Disregarding these laws, the behavior of the people participating in them will cause great moral damage to the society and the health of the people daromad oladi at the expense of harming each other.

As he said, it is clear that the underground economy operates outside the official and legal framework of this economy Economic-legal and business-social activities are stable, with stable financial regulation behind the financial-tax instruments.

Today, the above cases show how important tax control is. Therefore, it is necessary to reduce the level of the hidden economy in our Republic through tax control, to create equal competitive conditions for conducting business activities, including by reducing the regulatory and administrative burden, to automate the procedures for compliance with the requirements of tax legislation, and to simplify its procedure.

Conclusions and suggestions

In conclusion, it is worth saying that many types of illegal activities in the underground economy through tax control require changes and additions to tax legislation and improvement of tax administration. This means that in the 21st century, it is important to develop a fair mechanism between honest taxpayers and dishonest taxpayers by effectively using information and communication technologies.

Based on the above, we believe that the following proposals will have a positive effect on reducing the hidden economy in our country and improving the tax administration in this regard:

- formation of chartered funds in the form of money by the founders of the society is correct

in accordance with the law, but it is important for the government to develop a procedure on whether or not it will bring tax consequences in the tax legislation when forming chartered funds in the form of property;

- to introduce a system of taxing individuals on the basis of the declaration of income received from their activities on social networks (Youtube, Instagram, Facebook, Telegram, etc.), and to strengthen strict penalties in case of non-compliance with the declaration rules.

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