

# Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25<sup>th</sup> March, 2024

ISSN: 2835-396X

Website: [econferenceseries.com](http://econferenceseries.com)

## ISSUES OF IMPROVING THE COMPLIANCE CONTROL SYSTEM IN THE FIGHT AGAINST THE SECRET ECONOMY AND CORRUPTION

Atakulov Asliddin Salaxitdinovich

Graduate student of the Fiscal Institute

### Annotation:

This article is a systematic explanation of its main content, causes and types of occurrence and consequences, types of struggle against the hidden economy and analyzes of its effective ways as one of the main problems that are growing in the economic sphere of the countries of the world.

**Keywords:** Hidden (secret) economy, "third world" countries, economic subject, abuse of office, corruption, criminal economic activity, compliance control.

### Introduction:

The economic sphere has always been considered the main sphere of states. Illegal and secret actions that occur in it directly affect the state budget. Along with the study of the hidden economy, the term "Illegal economy" was first introduced into scientific circulation by the English sociologist K. Kharg, on the example of the international community. During his studies, he reported that such illegal economy occurs more in the "third world" countries than in developed countries. The reason for this is that the tax system for entrepreneurs is not well established in the country, that is, there are many types of taxes or high tax rates, and the economic sphere is not well regulated by state legislation, bureaucracy is allowed. Due to the fact that economic entities try to avoid these taxes and legal systems, bypassing the laws without obeying the established laws in various ways, a hidden form of economy was created.

The secret economy is not only a complex socio-economic reality that includes economic and social structures, economic relations in society, but also, first of all, it cannot be controlled by society, it is the satisfaction of personal and group interests of those who make up part of the country's population, that is, a large amount of is the criminal use of state and non-state property, economic wealth, and entrepreneurial ability, while hiding it from the management and control of state bodies for the purpose of obtaining additional income (profit). It is closely connected



## Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25<sup>th</sup> March, 2024

ISSN: 2835-396X

Website: [econferenceseries.com](http://econferenceseries.com)

with the open official economy and is a component of it. Each covert activity is very different from each other. Therefore, in order to solve the problems of the hidden economy, it is necessary to indicate its main areas and segments. The shadow economy is defined as an unexpected and hidden type of activity in the economy. It is not taken into account in official statistics for one reason or another, and the products and services produced in it are not included in the gross domestic product and are excluded from taxation.

A clandestine type of economy in which individuals evade the use of existing legal (law) norms in the organization of daily activities and turn to unwritten law, that is, norms recorded in traditions and customs, as well as mechanisms for resolving conflicts arising from the exchange and protection of property rights, which deviate from the legal framework. appears. Secret implementation of economic activity is primarily associated with legal action, that is, with high transaction costs. Based on the classification of transaction costs, it should be noted that it mainly includes high costs of concluding a contract, interpretation of property rights and protection from third parties. The costs of using the law, i.e. the costs of registering a legal entity, obtaining a license, opening bank accounts, obtaining a legal address and completing other formalities, as well as costs related to the need to continue operating within the law (paying taxes) ; fulfillment of legal requirements in the field of labor relations (length of working day, minimum wage, social guarantees); Unlimited payments and expenses, such as payment of court costs, are imposed on business entities without any benefits in resolving disputes within the framework of the open court system.

One of the factors causing the emergence of the secret economy is considered to be the low wages paid in comparison to the work of the economically active population in the society. That is, it was reported that as a result of the large number of additional payments in the payment of monthly wages and equivalent payments to employees engaged in labor, the employees are considered underpaid, and the rest is given as wages in cases where it is not indicated in the reports.

While analyzing the emergence of the secret economy, experts in the field of economics divided the causes of its origin into social, economic and legal factors by systematizing similar aspects. According to economic factors, it was noted that there are many taxes, fees, duties and levies imposed by the state on business entities. According to the social factor, it was considered that there are problems in the country's monetary and credit policy, the excess of barter relations in the economy,



## Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25<sup>th</sup> March, 2024

ISSN: 2835-396X

Website: [econferenceseries.com](http://econferenceseries.com)

excessive regulation of the economy by the state, and the wrong distribution of GDP to social sphere objects. The legal factor is reflected in the lack of development of perfect legislation against the secret economy, the low control over its implementation, and the low efficiency of the actions of law enforcement agencies in the fight against the secret economy.<sup>1</sup>

As mentioned above, the secret economy aims to hide income from legal expenses and, most importantly, from tax payments. Tax evasion methods include:

- opening several account numbers in different banks and carrying out monetary transactions through them without being fully indicated in accounting; use of trust, promissory notes and other accounts;
- keeping "double-sided accounting", dealing with cash, thereby hiding income and cash receipts from taxes;
- by registering an enterprise in one city or district, but opening an account number in banks in another city, district, the enterprise avoids paying taxes in the place where it is registered and in the place where it operates, that is, it evades;
- increase the cost of the products (services, works) sold at the expense of unaccounted income;
- in official accounts and payment documents, according to the agreement of the parties, the value of the work performed (rendered services) is indicated at low prices, and the rest of it is distributed among themselves in the form of cash. Cash income is hidden from taxation<sup>2</sup>.

Such "cheats" of economic entities reduce the main income of the state and have a significant impact on the ranking of world countries in terms of GDP. Before eliminating the hidden economy, it should be determined which of them are criminal, which are illegal or which are informal. Accordingly, it is necessary to develop a mechanism to encourage the formalization of non-criminal but illegal business activities. At the same time, the development and implementation of the law "On combating the hidden economy" and the organization of teaching the

<sup>1</sup> "Иқтисодиёт ва инновацион технологиялар" илмий электрон журнали. No 6, ноябр-декабр, 2019 йил 6/2019 (No 00044) [хтти://иқтисодиёт.туе.уз](http://iqtisodiyet.tyue.uz) 133

<sup>2</sup> Абулқосимов Х.П., Абулқосимов М.Х. Иқтисодий хавфсизлик: назария ва амалиёт. Ўқув қўлланма. - Т.: "Ноширлик ёғдуси", 2019.-488-489-бетлар



## Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25<sup>th</sup> March, 2024

ISSN: 2835-396X

Website: [econferenceseries.com](http://econferenceseries.com)

science of "Hidden economy" in higher educational institutions will be a good solution against such "tricks".

To ensure the effective implementation of the state policy in the field of combating corruption, and to eliminate the causes and conditions of the manifestations of corruption, it is necessary to implement modern crime prevention measures into national practice, which are widely used in the international experience. . In 2020-2021, it was decided to gradually introduce anti-corruption internal departmental control systems in all state and economic management bodies, state enterprises and enterprises with a state share in the charter capital, including banks.

In countries with a market economy based on laws, one of the important means of ensuring the effective functioning of public and private sector participants in the field of fighting corruption in accordance with international standards, legal documents and other modern methods is the organization of a compliance control system for fighting corruption. Anti-corruption compliance control - organizing the activities of state and economic management bodies, business entities in accordance with international standards in the field of combating corruption, laws and other normative legal documents, identifying risks of corruption, conflict of interests is a preventive system that includes timely detection and reporting of violations of law and corruption.

The implementation of the practice of compliance control system in the anti-corruption legislation of the Republic of Uzbekistan is one of the main tasks defined in this field in the Decree No. In order to strengthen measures to fight against corruption in enterprises and organizations with a state share in the charter fund, the task of implementing the compliance control system and systematic monitoring of its effectiveness was established. For the first time, these regulatory documents raise the issue of introducing the compliance control system at the national level. It should be noted that the Ministry of Construction, Ministry of Higher and Secondary Special Education of the Republic of Uzbekistan, Ministry of Health , as well as the implementation of the project as an experiment in state organizations such as the Tashkent city administration, the Tashkent regional administration, the administrations of Mirzo Ulugbek district and Boka district<sup>3</sup>.

<sup>3</sup> <https://uzpharmagency.uz/oz/news/korrupsiyaga-qarshi-komplayens-nazorati-u-nima-va-korrupsiyaga-qay-darajada-barham-bera-oladi>



## Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25<sup>th</sup> March, 2024

ISSN: 2835-396X

Website: [econferenceseries.com](http://econferenceseries.com)

On June 28, 2023, a survey was conducted among the population about "Compliance control" through a Google form, and the respondents were asked their opinions about it. When asked about compliance control, 52% of the participants said that they had heard about it, but did not have complete information, and 18.3% said that they were completely unaware, and the rest had difficulty answering. "Will the implementation of the system of "compliance control" in the activities of the state and private sector serve to reduce the cases of corruption?" when asked, 52% of the 875 participants confirmed yes, and 34.7% said they had difficulty answering. When asked about the adequacy of the legal basis of this control, 64% of respondents answered "no, the legislation needs to be improved." It can be concluded from this that before fully relying on compliance control in the fight against corruption, it is advisable to promote and explain it among the employees of organizations, especially state organizations, as well as to create legal sources by developing separate legislation on this matter.

It is generally recognized in the field of increasing the accountability and transparency of the activities of state bodies and organizations, strictly observing the rules of professional ethics by employees and reporting and resolving conflicts of interest in the performance of official duties, fighting against corruption. implementation of international standards and positive foreign experience and other priority results.

### List of used literature:

- 1) O‘zbekiston Respublikasining “Korrupsiyaga qarshi kurashish to‘g‘risida”gi qonuni. 2017 yil 3 yanvar, O‘RQ-419-son.
- 2) Abulqosimov H.P., Abulqosimov M.H. Iqtisodiy xavfsizlik: nazariya va amaliyot. O‘quv qo‘llanma.-T.: Noshirlik yog‘dusi, 2019.-485-bet;
- 3) Iminov O. “Yashirin iqtisodiyot”ning yashirinmagan sirlari//<http://www.biznesdaily.uz/ru/gazeta-birja/67316-yashirin-iqtisodiyotning-yashirinmagan-sirlari>;
- 4) . Fayg E. Opredelenie i otsenka podpolnoy i neformalnoy ekonomiki: neoinstitutsionalny podxod. –M.: RTTU, 20–S.147-148.
- 5) Bosh prokuratura Akademiyasi Korrupsiyaga qarshi kurashish ilmiy ta’lim markazi boshlig‘i, yu.f.d. Ismoilov B. Bosh prokuratura Akademiyasi «Korrupsiyaga qarshi kurashish» yo‘nalishi magistri Mamanov S. “ Korrupsiyaga



## Proceedings of International Educators Conference

Hosted online from Rome, Italy.

**Date:** 25<sup>th</sup> March, 2024

ISSN: 2835-396X

**Website:** [econferenceseries.com](http://econferenceseries.com)

qarshi komplaens nazorati. U nima va korrupsiyaga qay darajada barham bera oladi?” <https://uzpharmagency.uz/oz/news/korrupsiyaga-qarshi-komplaens-nazorati-u-nima-va-korrupsiyaga-qay-darajada-barham-bera-oladi>



# E- Conference Series

Open Access | Peer Reviewed | Conference Proceedings



E- CONFERENCE  
SERIES