

## ANALYSIS OF MEASURES TO REDUCE THE HIDDEN ECONOMY IN TAX EVASION

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### Annotation:

This article describes large-scale reforms aimed at creating favorable conditions for doing business in the tax and financial sectors, improving the investment climate and further strengthening the confidence of business circles in our republic in recent years. At the same time, such areas as underground trade and public catering, road transport, housing construction and repair, the provision of personal services were studied, scientific and practical conclusions and proposals were formed on foreign experience and its application in our country.

**Keywords:** tax revenues, analysis, risks, efficiency, digital platform, methods and tools, advanced information and communication technologies, analysis, optimization, tax incentives, tax rate.

### Introduction

In the following years, special attention is being paid in Uzbekistan to reducing the contribution of the hidden economy, tax evasion and tax evasion by taxpayers, and effective implementation of measures to prevent them. . Systematic work is being carried out in the direction of strengthening the legal framework for reducing the underground economy, curbing the underground economy due to the results of digitalization of the industry, strengthening public control, legalizing underground jobs, and conducting control measures.

In the analysis of cases of tax evasion, another important methodology was used in world practice, which is a joint analysis of the state of the hidden economy at the level of the national economy, the reasons for its occurrence, and the effectiveness of the economic and legal measures used in cases of tax evasion. In fact, the most influential factor in the occurrence of tax evasion is the level of the underground economy, and the state policy related to it, in turn, is interconnected with mechanisms related to tax evasion. In addition, it is important to evaluate the identified cases from a legal point of view and to determine appropriate measures of fair responsibility. At the beginning of this chapter of our research, we described the

methods of tax avoidance both theoretically and practically. These methods, in turn, require consideration of the methods of responsibility applied to tax evasion measures.

It is known that in order to prevent tax evasion and the hidden economy in the tax system, the level of coverage with electronic invoices has reached 100%, the automation of reports has increased from 76% to 86%, "Tahlika-Analyz" AAT, "E-lease" ", "Avtokameral", "E-imtiyaz", Tax.gap, "Cashback", "Saliq" mobile application and the launch of a number of other software products will curb the hidden economy and have a positive effect on tax revenues, as well as create a level playing field and is becoming a real helper in fulfilling its obligations to entrepreneurs. However, at the same time, the analysis shows that the influence of the level of the hidden economy in cases of tax evasion remains high. This can also be seen in the results of the analysis of the results of mobile inspections conducted in 2021-2022 in business entities engaged in the sale of alcohol products and producing illegal alcohol. In the course of these inspections, inspections conducted in wholesale and retail shops show the existence of a number of illegal activities within the framework of the underground economy, that is, situations that lead to tax evasion.

First, Decree No. PF-6098 of October 30, 2020 of the President of the Republic of Uzbekistan "On organizational measures to reduce the underground economy and increase the efficiency of tax authorities" was adopted, according to which, confidentially measures aimed at curbing the economy and legalizing hidden jobs were determined. As a result, in order to expand the tax base at the expense of curbing the hidden economy, as a result of the introduction of new instruments of modern tax administration - electronic invoices, the use of online control cash registers, marking of goods, electronic contract systems, in 2016 the share of the hidden economy in GDP was 59 percent. if there was, it was reduced by 7 percentage points by 2022, or reduced to 52 percent.

In order to prevent certain types of business entities from operating secretly, certain incentive mechanisms have been introduced. In particular, for small business entities in the field of public catering, it was determined that payments from bank cards and contactless payments will not be included in the total income in order to make the mandatory transition to the payment of general taxes, for persons engaged in real estate activities, turnover tax the rate was reduced from 25% to 13%, it was allowed to hire temporary workers without a contract for business entities that fulfilled certain requirements in construction enterprises, and other mechanisms were



launched. The Decree of the President of the Republic of Uzbekistan "On measures to further simplify the regulation of passenger transport" was adopted in order to legalize one of the sectors with the highest share of clandestine activities - passenger transport. In addition, strengthening of tax control in the construction sector, development of cashless payments and prevention of money laundering, strengthening of tax control in the field of e-commerce, temporary suspension of the VAT payer's certificate for "suspicious" enterprises, as well as gross tax violations projects on strengthening of punishment measures were developed. As a result of the implementation of measures in this direction, the level of voluntary payment of taxes was increased from 83% to 96%, which can certainly be considered a positive situation.

Secondly, the decision of the President of the Republic of Uzbekistan No. PQ-5252 of October 4, 2021 "On additional measures to improve the use of cash register equipment in the field of retail trade and services" based on January 1, 2022, digital instruments of public control (1 percent cashback on purchase receipts and appeals through the "Tax Partner" system in order to reduce secret circulation in the economy, as well as to implement effective public control in this area) 20 percent incentive) was introduced.

As a result of this, as a result of the introduction of the reward system, 121,100 applications were received through the "Tax-hamkor" system in January-October 2022. 59.9 thousand (98 percent) of the 61.1 thousand inspections conducted on the basis of the appeal were confirmed, and 29.5 billion soums of the fines were paid as a result of 45.9 thousand inspections. A positive result was recorded in the form of an increase of 1.6 times (an additional 47.6 trillion soums) of online NKT merchandise turnover from the beginning of the year due to the introduction of "Cashback" and reward systems.

Thirdly, online cash registers and virtual cash registers were used. As a result, 221,900 online cash registers have been installed today. By fully equipping trade facilities with online NKM, tracking the movement of goods, comparing their customs and market values, studying the price situation in the market, remotely monitoring the turnover of goods, and automatically forming sales volumes in electronic invoices and tax reports It allows to ensure the continuity of the VAT chain.

Fourthly, in order to prevent the illegal importation, production and sale of certain types of goods to the republic, to ensure their effective accounting, as well as to increase the collection of taxes and other mandatory payments, the marking of



certain goods is gradually being introduced. From April 15, 2022, the gradual introduction of the mandatory digital marking system for household appliances began. From September 1, 2022, the gradual introduction of the system of mandatory digital marking of medicines and medical supplies began. Starting from July 1, 2023, the mandatory digital marking system for water and soft drinks will be gradually introduced.

As a result, the digital marking system was gradually introduced in all processes of sales of alcohol, tobacco and beer products. Also, a total of 1,736 million pieces (945.2 million pieces - tobacco, 462.7 million pieces - alcohol and 328.1 million pieces of beer) branded products were produced and sold.

### **Conclusions and suggestions**

Reducing the shadow economy and strengthening measures to combat tax evasion  
The aim is to reduce the shadow economy and combat tax evasion by implementing comprehensive economic and legal measures. These measures are aimed at strengthening tax compliance, increasing revenue collection, and strengthening a fair and transparent business environment.

To strengthen the tax administration, increase the capabilities of the tax administration, including technological infrastructure, data analysis and skilled workforce, to more effectively detect and prevent tax evasion. It is necessary to implement risk-based audit approaches aimed at industries and individuals.

To improve cooperation and information sharing between tax authorities, financial institutions and other relevant government agencies to share data and information on potential tax evasion activities. International cooperation and information to combat cross-border tax evasion it is necessary to create effective mechanisms of exchange.

Severe penalties and sanctions against tax evaders, including fines, prosecution and confiscation of property. Implement a whistleblower protection program to encourage individuals to report tax evasion activities without fear of retaliation.

Implementation of these proposed measures will serve to reduce the shadow economy and strengthen tax compliance. By strengthening tax administration, simplifying tax procedures, increasing taxpayer knowledge and applying strict penalties, Uzbekistan can create a more transparent and fair tax system, leading to increased revenue collection and economic growth.



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