



## IMPROVING MANAGEMENT OF TAX OFFENSE DETECTION IN THE DIGITAL ECONOMY

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Article history:	Abstract:
<b>Received:</b> 6 <sup>th</sup> February 2023 <b>Accepted:</b> 6 <sup>th</sup> March 2023 <b>Published:</b> 10 <sup>th</sup> April 2023	This article describes the main results of scientific research in the field of development and improvement of the tax system in our country and scientific research aimed at preventing and eliminating tax offenses within the priority areas of economic reforms implemented in the country. The root causes of tax evasion and tax evasion are analyzed in detail. Based on the relevance of the problem, the need for the introduction of effective mechanisms aimed at removing the influence of obstacles on economic management, especially the tax system, and the creation of a systematic management of the use of such

**Keywords:** Tax management, tax offenses, tax evasion, tax base, management of tax relations, paperless goods, illegal currency, barter, regulations, tax administration

### INTRODUCTION

Step-by-step implementation of reforms, consistent and unwavering progress along the path of democratic and market reforms, strong social policy and protection of the most vulnerable sections of the population will predetermine the positive results of fundamental changes being implemented in Uzbekistan, their support and recognition.

There was a need to protect the directions of further development of the society and the economy and the new relations arising in this place from the negative effects. The President of the Republic of Uzbekistan, President Shavkat Mirziyoyev, held a meeting at the State Tax Committee on the next tasks for the improvement of the sector.

In recent years, the tax administration of our country has been radically reformed. In December 2019, a new version of the Tax Code was adopted and directly applicable norms were introduced. Today's tax collectors are not the tax collectors of 3 years ago. Times have changed, so have they: in 5 years we have created a completely new tax system. In 2020, after many discussions, we adopted a new Tax Code worthy of our modern Uzbekistan. Tax types were reduced from 13 to 9. Property tax dropped from 5% to 1.5%. VAT decreased from 20% to 15%. In 2023, we need to reduce it to 12%. We have a lot to do for this. When will people be satisfied with us? He will agree if the tax burden decreases and our incomes increase."

The actions of state bodies aimed at combating tax violations are limited to prosecuting individuals and legal entities for their mistakes, and are not focused

on identifying and eliminating their root causes. As a result, new errors, tax evasion, underreporting of income in the tax base are emerging, which require a scientific approach to eliminate, prevent or eliminate.

The root causes of tax evasion and tax evasion by delinquent taxpayers have not been thoroughly researched. Based on the urgency of the problems, the introduction of effective mechanisms aimed at reducing the impact of crimes in the management of the economy, especially the tax system, and the creation of a systematic management of the use of such mechanisms was chosen as the topic of our research.

Based on the selected topic, theoretical opinions were expressed on the priority directions of the scientific researches in the field of development and improvement of the Tax system in our country and the economic reforms implemented in the country.

On the basis of stable, rapid and proportional development of the republic's economy, modernization of the main economic sectors, technical and technological renewal of production, the main tasks and priority directions of further increase and development of their efficiency and competitiveness have been defined. In this regard, regulation through management of prevention and elimination of offenses in the tax system, wide application of tax incentive functions, quick identification, analysis and prevention of tax violations are urgent. Based on this, reducing the impact of crimes in the tax system, creating an effective tax mechanism is an important task, and the



research work corresponds to the priorities set in the state programs adopted by our government.

The research work is carried out within the framework of research plans of the State Tax Committee of the Fergana Region Tax Department.

Tax violations and tax relations in general are a constant occurrence in current economic literature, and society members treat this situation as normal. In the literature, the general aspects of tax violations are analyzed and highlighted, but the country's budget is faced with difficulties and clear manifestations of imbalances in fulfilling the tasks of social development, providing services to the population, and solving issues in other fields.

### **LITERATURE REVIEW**

In order to theoretically and scientifically interpret tax offenses, a number of foreign authors: D. Batteros, D. Blades, R. Bromley, Y. Borosh, D. Webster, P. Volg'f, S. Henry, K. Jones, D. Kasel, D. Kilgour, D. Mead, K. Morrison, W. Paton Culbertson, A. Portes, M. Romer, S. Sasen-Cub, S. Sampson, P. Fidler, E. Feig, P. Ferman, K. Hart, D. Harris, D. Hguyutson, L. Shelly, F. Schneider, U. Tsuchi, D. Anste, G. Yamada, Yu. Fgofonov, D. Aminov, I. Bobkova, N. Bolova, V. Verin, S. Glinkina, V. Dadalko, V. Esipov, I. Klyamkin, V. Ispravnikov, A. Krylov, A. Korchagin, Yu. Latov, G. Mishin, V. Ovchinsky, E. Panova, E. Rumyantseva, R. Satuev, L. Timofeev, Yu. Tsyganov, N. Chernina, D. Schraer, Yu. Shishnin, P. Khlebnikov, N. Yaskova took part in this work

Scientific research related to the issues of tax offenses was carried out by local economists A. Vakhobov, E. Gadoev, I. Jamolov I., Jo'raev N., A. Isakhodjaev, A. Ortikov, A. Soliev, B. Toshmurodova, N. Kuzieva, N. Tokhliev, P.Yoldoshev, N.Usmonov, A.Olmasov, Z.Kurbanov, Sh.Toshmatov, A.Shestakov, Q.Yahyoev have been researched in their scientific works.

The question arises, what is the main purpose of this research? The main goal is that in the Republic of Uzbekistan, there is a need to develop scientific proposals and practical recommendations for preventing tax violations, analyzing the existing system from a scientific and practical point of view, and regulating the hidden economy through taxes.

The author of the article has set himself the following tasks in order to achieve the set goal:

- to determine the nature and manifestation of the tax delinquent status;
- to determine the tax offense and its negative impact on the development of the economy;
- to study the development of tax offenses in foreign countries and issues of tax regulation;

- analysis of the state of tax delinquency in the development of tax delinquency;
- analysis of tax offenses and their impact;
- Analysis of the impact of tax violations on the formation of state budget revenues;
- development of scientific proposals and practical recommendations on the reduction of tax offenses in the context of modernization of the economy and the regulation of its effects by means of taxes.

There is knowledge that each of us knows through our life experience. In addition to politics, this knowledge includes medicine, management, education, economics, agriculture and other fields. Regardless of our preparation, we face various socio-economic situations every day. We work - we create social wealth or gain experience, we earn income, we observe price changes and we are considered consumers at the same time.

Management is a multi-faceted concept that is enriched by human development. MANAGEMENT (in economics) - the process of regulating and directing the state of the economic system of an economic object; refers to the conscious purposeful influence of subjects, agencies on people and economic objects, carried out for the purpose of directing their activities and achieving the intended results. Management is carried out in accordance with the plans developed for periods of economic activity.

### **RESEARCH METHODOLOGY**

There are economic, administrative and social spiritual methods of management. In the economic method of management, economic means are used to achieve the expected goals. The correct use of these tools (planning, technical economic analysis, profit, profitability, price, credit, material incentives, tax, etc. levers) is important, i. Ch. their effective work is ensured by bringing out the personal and group interests of the people who make up the team (for example, paying workers overtime, giving awards, rewarding them with a large sum of money, etc., incentive measures). The administrative method of management is based on orders and orders. The administration classifies departments, groups, and employees within its enterprise and defines their duties, responsibilities and rights. Planning, distribution of resources, profit, finished product, and use of funds are carried out in a centralized manner. Management in the socio-psychological method is carried out with the help of meeting their social needs, taking into account the behavior and mentality of people by affecting the social and moral situation. The economy



essentially consists of an interrelated sequence, production-distribution-exchange-consumption. Uzbekistan has to solve a number of problematic situations in the transition of economic relations from the order of administrative command to the direction of the digital economy based on market relations. One of the main unsolved tasks today is the fight against the shadow economy. As we know, the economy is divided into two according to the following laws: one is the economy operating on the basis of state laws; secondly, there are economic entities that commit tax offenses, which act in violation of the law, depriving the state of the right to distribution.

### **ANALYSIS AND DISCUSSION OF RESULTS**

Tax offenses are divided into two types - informal (non-traditional) and criminal (illegal) offenses. In this article, it is intended to study the hidden aspects of economic entities of Uzbekistan's economy.

In the society, there are illegal acts of economic activity outside the control of the state, evasion of the norms of tax legislation, as well as informal activities such as artificially concealing income.

Subjects of official activity include:

- registered organizations;
- registered sole traders;
- individuals who receive additional income by registering outside the main workplace.
- Subjects of informal activity include legal entities and individuals operating without registration and concealing their income, namely:
  - clandestine production and trade without reflecting it in accounting calculations;
  - establishment of "one-day" firms based on forged documents;
  - use of illegal cash or barter in account books;
  - buying or selling products without documents;
  - trading without using cash registers;
  - employment of hired workers without a contract or agreement;
  - engage in production espionage in order to learn confidential information of competing firms;
  - to carry out activities in order to smear the name of economic and political competitors.
  - Converting the money in the bank account to cash for interest;
  - The difference between money on plastic cards and cash;
  - smuggling and selling goods into the country.
  - Out-of-hours medical services provided by medical personnel;
  - tutoring services;
  - small-scale repair of household goods;

- transport services;
- child care at home, care for the elderly;
- off-duty services of electricians;
- the work done by hairdressers outside the workplace;
- sale of home grown fruits etc.

Behind the application of the digital economy lies another area with a large area for tax avoidance, namely e-commerce. Types of electronic commerce are:

- sale of goods through the Internet;
- selling electronic products without a physical seller;
- provision of financial services in real time (brokerage services, money investment services);
- information services (paid sites, database access);
- telecommunication services and others.

The main thing is that the lack of transparent management of Uzbekistan's economy leads to problems with foreign investors. This does not correspond to the strategy of our state and society today and is the reason why Uzbekistan cannot be a good place for international investors. In recent years, we have observed that the international rating level of our country is increasing with the policies and actions of the leader of our country, our honorable President.

Based on the results of our research and scientific views, it can be said that the new market economy, the financial market, the development of banking, and the documents governing the work of cooperatives force people related to business to think a lot, that is, the beneficial aspects of this phenomenon and changes can be considered as follows:

1. Flexibility of public administration bodies (change laws based on conditions).
2. Derogating from the existing law, studying the situation and canceling or reducing certain taxes.
3. Avoiding some dysfunctional norms (rules).
4. Leaders tend to work with enthusiasm.
5. Reduction of some expenses (For example: legal fine).
6. Considering the effectiveness of our existing laws regarding corruption and organized crime, reforms are being carried out.

But criminalization is not without negative aspects:

1. Conditions for new crimes are created.
2. Harms the political and economic stability of the state.
3. The state spends a lot of money on the fight against corruption and crime.
4. Dissemination of concepts that the laws adopted by the state are not updated.



5. Violation of legal principles.
6. Reduction of profit from taxes, giving rise to inflation.
7. Making illegal ways of making money to pay bribes will lead to an increase in illegal business fees.
8. Seeking profit by increasing the expenses of the enterprise, introducing innovations and so on.

**What are Tax Offenses?**

Different opinions are given to this question. One of them - tax offenses - this is an economic activity that is contrary to established laws.

Compared to other opinions, tax offenses are the production, exchange, and distribution of material

wealth that is not officially accounted for statistically and is not controlled by society.

Tax violations are economic activities that are not reflected in official statistics due to the fact that they have developed outside of the state's account and control.

The research of this article shows that tax violations are not unique in the national economic system. This situation changes, the reason for this is that the external environment changes, that is, it has its own characteristics in different economic systems.

**Table 1. Taxation in different economic systems appearance of offenses**

<i>Economic system</i>	<i>Subjects (individuals) of tax violations.</i>	<i>Reasons.</i>	<i>Forms of tax violations</i>
Well-developed countries	Persons, hired workers.	Increase income for labor and access to the black market.	Greater use of clandestine labor in the service sector
Development gan States	firms: private and very small companies. persons with a low level of knowledge are mainly poor, working in agriculture	Reduce spending costs in return for tax cuts.	Low-sort barter, distraction of accounting
	Firms: small companies cocktail multi-spending industries	The only income is taminlash uchun.	A criminal case has been initiated on this fact, an investigation is underway.
Countries permeable economies.	All classes of the population are people of all professions.	Spending on Labor and other enterprise necessities	Barter trade, secret labor, the movement of unregulated private Shax.
	Firms are employed in a less formal manner-most firms are employed in the legal and illegal sector	Some believe in non-traditional economics, others look only as an additional source of Income-s.	Weakness of Labor control, numerous barter deals and petty trading (speculation)
		Most firms work illegally-s, others rely on illegal economics with the intention of reducing spending costs. The system of taxes, which is ambiguous, encourages them not to fill up at all.	Lack of control, corruption, increased barter

**CONCLUSIONS AND SUGGESTIONS**

In conclusion, it should be said that we would like to make the following proposals as ways of regulating and managing violations:

- simplifying the taxation system and raising its status;
- sharply reduce the amount of fixed taxes in order to cover all working individuals;

- development of further improvement measures to encourage the submission of purchase receipts on the part of citizens;
- Alignment of adopted regulatory legal documents with the current practice in business;
- Introduction of the procedure for announcing the results of mobile tax audits in mass media;



- Reducing corruption as a factor affecting the underground economy.
  - large-scale introduction of automatic trading terminals.
- All measures lead to the possibility of control of tax offenses, support of small business.

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