



THEORETICAL FOUNDATIONS OF REDUCING THE SHARE OF INFORMAL ECONOMY THROUGH FINANCIAL INSTRUMENTS

Rakhmanov Laziz Erkabaevich

Tashkent State Economic University Independent Researcher

Abstract:

In recent years, this article in our republic examines the issues of the effective use of financial instruments to reduce the share of the shadow economy in the country, as well as the fact that the work of tax authorities to combat the widespread practice of concealing the amount of income by taxpayers and the use of tax evasion schemes, are not carried out separately and consistently, led to a decrease in tax discipline, a hidden study was conducted to analyze and evaluate the results of maintaining the scale of the economy and the deterioration of business conditions for honest entrepreneurs, and scientific and practical conclusions and proposals were developed for its application.

Key words: shadow economy, financial, hidden economy, tax revenues, analysis, risks, efficiency, schemes, tax discipline, methods and tools, advanced information and communication technologies, analysis, optimization, tax rate.

Introduction:

Uzbekistan, like many other countries, faces a number of unique economic problems, one of which is the prevalence of the informal or often so-called "secret" economy. This informal economy includes economic activities that occur outside of formal regulations, tax systems, and labor laws. Its existence creates several problems for the country's economic development, fiscal stability and social welfare. Effective use of financial means to reduce the share of the secret economy is an important condition for the economic development of Uzbekistan. The informal economy can have some advantages, such as providing livelihoods to sections of the population and filling gaps in the formal sector.

Analysis of literature on the topic:

We present a brief literature review on the topic of ways to effectively use financial instruments to reduce the share of the secret economy.

According to O.Mahkamov, non-payment of taxes, levies, duties and other mandatory payments set by the state, intentionally concealing or understating profits (income) or other taxable objects, as well as improving measures to protect tax or legal interests in our country It is necessary to solve the existing problems by legal means through the analysis and revision of a number of laws and regulations under the law. This, in turn, is of great practical importance in preventing crimes in this area" [1].

Although tax evasion occurs based on the economic egoistic feeling of the taxpayer, however, it is manifested at the level of a social problem through the economic spheres of society and becomes a political issue. In this regard, Bavarian finance minister E. Hoover pointed out the main socio-political



basis of tax evasion when he said that "in Germany, the desire to avoid paying taxes is stronger than the desire to be born." [2].

According to A.R. Abdullina, there are difficulties in the analysis of accounting documents in the detection of tax crimes in tax evasion by law enforcement agencies, lack of sufficient skills in monitoring enterprises that are newly established and quickly end their activities, the difficulty of analyzing civil and economic legal documents based on mutual integration, the law based on the legal basis of tax evasion due to the insufficient improvement of documents, it affects the ineffectiveness of actions aimed at reducing this process [3].

I. Vachugov also explains the concept of "hidden economy in the field of taxation" as a part of the hidden economy. According to him, "tax evasion is a part of the underground economy, and the activities of secret structures for the provision of tax evasion services allow us to introduce the term "the underground economy in the field of taxation", the definition of which can be expressed as follows: both taxpayers themselves and tax evasion shadow structures that provide services that provide activities related to the organization of extortion"[4].

According to B.A. Raisberg, he evaluates the hidden economy as "economic processes that are not advertised, are not hidden by their participants, are not controlled by the state and society, and are not recorded in official state statistics" [5].

P.S. Efimichev defines "tax evasion as a manifestation (inaction) in the form of intentional failure to pay taxes specified in this law" [6].

S. L. Nudel explains that "tax evasion is socially dangerous, it is an act or inaction of individuals or legal entities aimed at not paying taxes and (or) fees prescribed by law in whole or in part in the field of taxation." [7].

I.A. Mayburova, A.P. Kireenko, Yu.B. Ivanova define tax evasion as follows: "tax evasion should be understood as an illegal way of changing the taxpayer's obligations to pay taxes, in which income from tax authorities and concealment of property, creation of fictitious expenses, as well as deliberate violation of accounting and tax reporting" [8].

Analysis and Discussion of Results

In the economy, producers and consumers (actually producers and consumers) have their own interests. Among such interests, economic interests have priority, and they are the basis for the realization of other interests of individuals. The economic interests of producers and consumers cause them in some cases to be outside the interests of society, and to be against it. It is the factors that cause these "some cases" themselves. Therefore, the peculiarities of the economic sphere of the society lead to the violation of the "rules of the game" if the non-acceptance of the generally accepted norms (these norms are actually reinforced by the law) or the dominance of the economic interests that encourage them to be avoided. This structure of the "rules of the game" was initially assessed as immoral (as a disregard for social norms) and legal measures were taken by the state regarding them.

Violation of the rules of economic activity established by the state, circumventing them, especially not paying the established taxes, evading payment in various ways, farming the land belonging to the state



without permission and not notifying the relevant authorities of the state about the income from it, and tax within the income received non-payment, looting of other people's property, non-observance of customs regulations, as well as abuse of office and similar cases were named differently in their times. As we mentioned above, such names are called immorality, treason, thief of society, bribery, and various punishment measures have been applied to such persons.

The development of the world economy, the strengthening of scientific research on the economy, the ratio between production and consumption in the economy, the further strengthening of scientific research on the estimation of the gross domestic (national) product created within the framework of any given national economy and its real size is a separate scientific research for such processes. required to be approached as.

Uzbek scientists A. Olmasov and Sh. Qabulov evaluate the hidden economy and secret economy as a similar category as economic processes and types of economic activities that are not conducted openly by the participants, are not controlled by the state and society, taxes are not paid, and are not recorded in official state statistics. These scholars also emphasize that it expresses the interests of a group of dishonest individuals in the form of economic relations related to the production, distribution, exchange, and consumption processes of goods and services that cannot be publicly noticed. Prof. who conducted extensive research on the secret economy. H. Abulkasimov stated that "shadow economy" refers to the economic activity that develops outside of state accounting and control and therefore is not reflected in official statistics. In addition, secrecy (hidden) is the evasion of the use of the norms of the existing law (law) by individuals in the organization of daily activities, and deviating from the legal framework of resolving disputes arising from the unwritten law, i.e., the norms recorded in traditions and customs, as well as the exchange and protection of property rights. consists of referring to the mechanisms¹ In most economic and scientific literature, there are three types of the hidden economy, i.e. "second" ("white-collar workers"); "gray" ("informal"); They refer to the "black" ("secret") hidden economy².

The form of the hidden economy, known as "white-collar workers" and the "second" hidden economy, when taken into account, means illegal re-appropriation of the generated national income in a secret form, based on illegal activity in the creation of products in enterprises and organizations, which at first glance seems to be , although it seems legal, it is very difficult to identify and therefore dangerous, which is why it is called "white collar workers". An example of this is that products that are not taken into account in the production workshops of enterprises are generally produced and appropriated by some individuals.

¹ Абулқосимов Х.П., Абулқосимов М.Х. Иқтисодий хавфсизлик: назария ва амалиёт. Ўқув қўлланма.-Т.: Ноширлик ёғдуси, 2019.-485-490-бетлар.

² Файг Э. Определение и оценка подпольной и неформальной экономики: неоинституциональный подход. – М.: РГГУ, 2000. – С.147-148; Абулқосимов Х.П., Абулқосимов М.Х. Иқтисодий хавфсизлик: назария ва амалиёт. Ўқув қўлланма. - Т.: “Ноширлик ёғдуси”, 2019.-488-489-бетлар; Голованов Е.Б.Теневая экономика. Конспект лекции.- Челябинск, 2015.-С.20-29; Наумов Ю.Г., Латов Ю.В. Экономическая безопасность и теневая экономика. Учебник. М.: Академия управления МВД России, 2016. – С.58-67; Овсянникова И.П. Теневая экономика:учеб. пособие/И.П.Овсянникова; ФГБОУ ВО РГУПС.-Ростов н/Д, 2015.-С.80-97 ва шу кабиларда.



The activity known as the "gray" underground economy is essentially an economic activity that is not prohibited by law and involves the production and sale of goods and services that are not registered. In this case, the main issue is that production processes and their results are not reflected in accounting and statistical accounts in the prescribed manner, if in reality value is created, however, their volume and quantity does not sit in the volume of official national products, in turn, goods or services are actually available in the consumer market. In fact, while the products created serve to satisfy consumption in the market, they do not work for the national interest, nor do they contribute to the financing of their public interest, since these products are not taxed.

The "black" underground economy is recognized as the most dangerous form of the underground economy. This form of clandestine economy is based on economic and legal activities based on total disregard for laws and the production of prohibited activities and goods (services) and their full appropriation without official consideration. It will be based on organized and individual crime, violence, theft, robbery, human trafficking, gambling, extortion racketeering, drug business, arms trade, etc. Based on the redistribution of income earned as a result of legal and transparent activities in such a clandestine economy, it has a negative impact not only on the economic process of the society, but also on the socio-political and social processes. In addition, despite the fact that this form of economic activity does not bring funds to the state budget, it also leads to an increase in budget expenses aimed at preventing them, and in turn, as a result of forced re-appropriation of other people's legal income, it causes a decrease in the real money income of the population.

It should be noted that the emergence of the secret economy has occurred since the emergence of the state as a socio-political force and the introduction of various mandatory norms (laws and decrees of the head of the state within the absolute authority of the head of state) to the society, but this process is influenced by the economic, social and legal process. quality is not evaluated. It can be logically determined that there were a lot of such cases, which have only a simple appearance of not paying taxes or using a plot of land for which the right has not been allocated. However, this and other such issues of scientific research of obtaining income without performing economic activity based on legal requirements and on the basis of illegal activity actually began to be paid attention to in the 30s of the twentieth century.

British sociologist and economist K. Hart, American economists P. Gutman, E. Feig, and E. Soto conducted the first scientific research on this process. That is, K. Hart introduced the concept of secret (informal) economy into scientific circulation, P. Gutman showed the states that the scale of the secret economy is expanding and its negative role in every national economy, and E. Soto showed that the secret economy is related to corrupt processes and it cites it as one of the main factors of the impoverishment of countries and scientifically describes the role of the population's reaction in it. Among the first scientific approaches in this regard, P. Gutman's work entitled "Hidden Economy" written in 1977 develops scientific conclusions in the form of a warning to the states that secret economic activity is increasing and its scope is expanding in the economy of the USA and other countries, especially in third world countries. It shows the main factors in this process and some ways



of effective use of financial instruments within the state (for example, money circulation, monetization, tax burden, inflation, currency policy, informal employment) in order to prevent it.

Conclusions and Suggestions

Financial literacy and education programs should be implemented to enable individuals in the informal sector to effectively manage their funds and transition into formal banking. Financial institutions can develop products tailored to the needs of such businesses, making it easier for them to transition into the formal sector.

It is necessary to work together with representatives and associations of the informal sector to understand their needs and problems and to facilitate formalization, and to develop a strategy for Uzbekistan using international best practices and experiences in addressing the informal economy. These proposals reduce the shadow economy in Uzbekistan is a complex process that requires a complex, multifaceted approach. By implementing effective financial instruments and supportive policies, Uzbekistan can attempt to formalize its economy, increase fiscal stability, and improve the welfare of its citizens.

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