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## **FOREIGN EXPERIENCE OF USING THE TAX SYSTEM TO REDUCE THE SHADOW ECONOMY**

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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.

**Key words:** 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.

Over the past twenty years, significant changes have occurred in the social security system: the social security system has become not only a means of transferring funds to the budget, but also a means of reducing the shadow economy and improving the quality of the economy. The main fiscal instruments in this regard are to stimulate the activity of tax authorities, reduce the tax burden and tax rates, and provide tax



benefits to the state and tax authorities. In addition, increasing the efficiency of these exchanges and improving the efficiency of the implementation of the project are still the priority directions of this process.

Reducing the shadow economy, comparing its processes and its benefits are very useful. Most of these studies are devoted to the social system of the economy, which is still very important. The following can be included in the list of such methods recommended by the World Bank and the United Nations Development Program (UNDP):

1. Direct methods - through direct collection of qualitative data.
2. Direct methods - directly, directly evaluate various indicators that are related to each other. The results of various methods are compared with each other and a balance is formed.
3. Methods of analysis - a more complex method of studying the relationship between variables and variables, using special formulas and calculations, is MIMIC (Multiple Initiators Multiple Causes).

All of these methods are considered to be very effective, but they are not always effective.

Among the most accurate methods for directly assessing the size of the global economy, the most accurate are the pooled methods, the random indicator methods, as well as various variations of the balance approach and the statistical-econometric methods (Eqs) such as the convergence method. It's still a wide-open space. In recent years, MIMIC (Multiple Initiators Multiple Causes) has been a key tool in assessing the effectiveness of the social system, as well as other systems, to assess the impact of the social system on the economy and reduce its size. (indications and reasons)

Let's take a look at the results. The first of these studies was conducted by B. Frey and Weck-Hannen, who, by analyzing the observed economic growth through this method, showed some signs of improvement, especially in Africa and Latin America, where the quality of the social system was assessed. It is necessary to assess the status of the tax system in order to assess the security of the private economy. Then, by further developing this theory, it was further developed by economists F. Schneier, T. Gosh, D. Deys, and G. Tels, who provided further insights into the system. Currently, many states of the Union are secretly trying to



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reduce the cost of living through this system, and are trying to assess the quality of life and the quality of its use.

The main idea of this method is to show the hidden quality of the observed economic activity or products, which has causes and effects (results), which are observable, and which are directly related to each other. Two types of observed changes are included in the model: “causal” changes and “effect” changes, which are related to a single observed index. Index values are a measure of causality and indicative effects by calculating statistical significance. MIMIC is based on an estimate of the observed causality of changes in the hidden economy, which is related to the observed indicators of the hidden economy (reflecting changes in the size of the hidden economy).

This is a very useful tool for the future. First, MIMIC is particularly sensitive to the choice of variables included in the analysis, and fourth, it is a relatively strong benchmark. It is necessary to work out the estimates that need to be changed. It is important to note that the illegal economy still reflects the economy, which should be considered part of the underground economy. These include low-quality tax instructors, jobs, unaccounted for products, illegally used tax claims, and widening the scope of employment. It shows the tax debts that have been sent, ammo, and the ability to pay tax. use.

MIMICs have two main advantages: they can (a) capture changes observed in the hidden economy, and (b) translate this into a form that is useful for the formal economy, but they are not necessarily free. Furthermore, these measures only provide relative estimates of the size of the shadow economy, which are often compared to the underlying indicators, so it is important to be cautious in identifying the underlying value. First, the most important quality of this analysis is that it allows us to analyze the integration of factors such as unemployment and the burden of unemployment, and to analyze the extent to which the burden of unemployment pushes people not only into the underground economy, but also into the household economy or the illegal economy.

In general, approaches to combating the shadow economy through the tax system can be divided into two groups: direct and indirect methods. Direct approaches are based on more nuanced approaches, such as survey questions, and they have the



advantage of providing more detailed information about the structure of the shadow economy. However, surveys can only estimate the size of the hidden economy if they reflect the true hidden economy or if respondents answer correctly. In addition, they can increase resources, especially during activities or time-consuming research, making them more suitable for situations where resources or resources are limited. On the other hand, indirect approaches are easier to use and are based on advanced macroeconomics. In this regard, this MIMIC approach to estimating the hidden economy through these instruments is based on structural equation modeling (SEM) to estimate the hidden economy.

The World Bank, which has published this report, estimates the size of Uzbekistan's shadow economy from 2000 to 2021 based on the MIMIC model, and We analyze the changes in 3 factors - the state of the economy, the unemployment rate, the impact of COVID-19, and the 3 indicators - wage supply, employment growth, and economic growth. The results show that COVID-19 has led to a slight increase in the size of the shadow economy compared to 2019. The following recommendations were made to improve the quality of the system's use in this area: first, to reduce the burden of the system, in particular, to improve the morale of the system by making the system more reasonable, encouraging the implementation of the system, and increasing the trust of the system's users; second, to strengthen efforts to create jobs in the formal economy by prioritizing labor market policies and measures that reduce the cost of doing business and encourage job creation, and so on.

It is true that today's business environment is rapidly developing, with the rapid development of the process of accepting payments from foreign countries and the development of the system of accounting books, but, One way to bring the hidden economy to life is to consider qualitative and quantitative methods and to do so. If we analyze the experience of developing countries, the People's Republic of China has developed a system of transferring funds from citizens to the accounts of business entities through electronic money (WeChat). Based on the Resolution No. 242 of the People's Bank of China of 2017, the Regulation "On the Procedure for Accepting Payments by Barcode and QR Code" was approved. Accordingly, banks are required to transfer funds from individuals to business entities that are still conducting banking activities. The fact that these demands have led to the creation



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27<sup>th</sup> January, 2025

of a single money transfer system and the lack of attention to the needs of the poor has led to a number of serious concerns.

The Chinese technology system "WeChat (WeChat pay)" includes the following features: payments between individuals and legal entities, payments and P2P. e-commerce (E-shop), online shopping, social networking, citizen-to-user communication, chat, With video and auction calls, and the like, today, 827 million people (59 percent of the population) use this system, generating 83 percent of the country's non-cash income through it, and the share of the informal economy in the country's GDP is - The fact that 10 percent of such instruments are used in the real world is a real challenge.

In this regard, the experience of neighboring Kazakhstan is still relevant. Kazakh business entities have created an idea of receiving goods through the Caspian Sea. In particular, the Law of the Republic of Kazakhstan No. 11-VI of July 26, 2016, establishes the procedure for the introduction of new technologies into the market. Therefore, according to Section 165 of the Tax Code of Kazakhstan, business entities must use the mandatory procedure for financial settlements of NKMs. The increase in backlogs, backlogs and backlogs of payments have led to increased quality of financial calculations.

Kazakhstan's "Kaspi Pay" project, which was launched in 2017, has seen its net profit increase by 138 percent in the first six months of the year. In addition, the increase in cashless payments in 2021 by 35.3 percent - 72.3 percent (or 2 times) directly led to an increase in tax revenues by 5.6 trillion tenge - 10.7 trillion tenge (or 2 times). Today, the number of people using the Internet is 12 million (63 percent of the population), and the share of the informal economy in GDP is 19 percent.

In the United States, citizens who earn more than \$600 per year through P2P are classified as citizens of the United States. Channel Federationda online marketplaces or online businesses that sell goods (services) and transfer money from a buyer's plastic card to a seller's plastic card through peer-to-peer (P2P) transactions, the four-month period of the payment process has increased by 30 percent Foreigners are required to pay such goods and services tax to the Canadian Foreign Agent. In addition, the US government has a system of incentives for individuals who have given consent to a foreign body to conceal their identity and to conceal their identity,



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which is 2% of the US government's total income, and this incentive system is 15-30% of the total income. However, this question is related to the fact that the stimulus is a cold organ that is constantly being stimulated.

### **Conclusions and suggestions**

Tax inspectors are given the following powers:

Involvement of the territorial divisions of the Ministry of Mining and Geology in cases of arbitrary use of underground resources and man-made mineral products, as well as arbitrary extraction of minerals without obtaining permission documents for the use of the subsoil conducting rapid control measures through.

The procedure for notifying the representative for the protection of the rights and legal interests of business entities will be canceled on the condition that information on the initiation of mobile tax inspections is entered into the "Uniform State Control" information system within 24 hours. legal documents related to tax audit are not required to be reviewed (agreement) by the legal service centers of judicial bodies.

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