



WAYS TO REDUCE THE "HIDDEN ECONOMY" AND EFFECTIVELY FIGHT AGAINST IT.

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Abstract: The article analyzes main factors influencing the formation and development of the "shadow economy" and describes ways to effectively combat the "shadow economy".

Keywords: "shadow economy", cash payments, penalties and other legal measures, liability, preventive measures.

The formation and development of the "informal economy" is influenced by a number of economic, social, organizational-legal and other factors in the country.

Examples of economic factors include cash payments, high tax rates, economic crisis, and unhealthy competition between business entities.

The high level of unemployment in the country and the low income of the population are among the social factors.

As legal factors, the presence of various administrative bureaucratic obstacles in the implementation of business activities in the country or gaps in legal documents create an opportunity for the development of the informal sector.

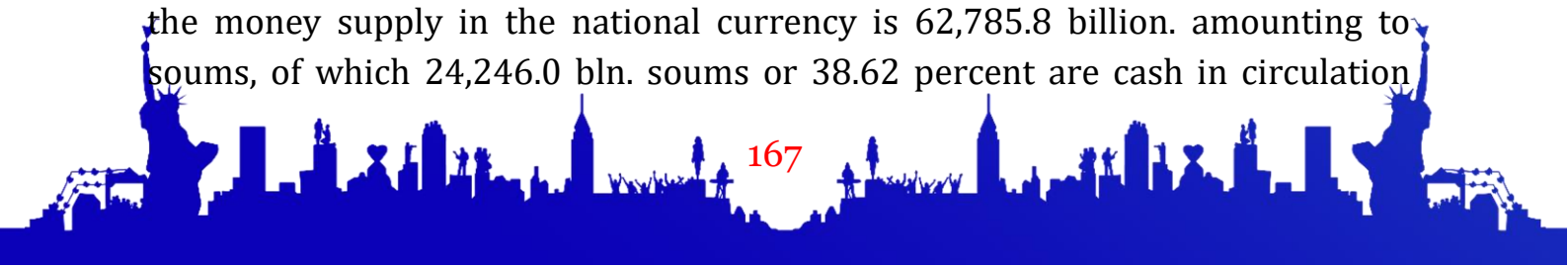
The activities of state administration bodies and the organization of control functions, administrative procedures and cases of corruption have an indirect effect on the formation of the "hidden economy".

In general, there are several ways to reduce the "hidden economy", transfer it to the official sector and effectively fight against it.

The Organization for Economic Cooperation and Development recommended 3 main directions for reducing the share of the shadow economy - training taxpayers and simplifying compliance with the law, reducing opportunities for engaging in hidden activities and increasing opportunities for exposure, strengthening social norms[18].

Taking this into account, this article focuses on some organizational and legal aspects of reducing and eliminating the "hidden economy".

The first area is related to cash payments, which is one of the biggest risks. According to the information of the Central Bank, as of January 1, 2020, the money supply in the national currency is 62,785.8 billion. amounting to soums, of which 24,246.0 bln. soums or 38.62 percent are cash in circulation





(cash in national currency in the Central Bank and commercial banks cash registers is not taken into account)[19]. The size of cash circulation in our country has a significant impact on the further development of secret economic activity.

Especially large denomination notes, including foreign currency notes, can be used as a convenient tool to launder criminal proceeds or to smuggle assets out of the country. The introduction of modern technologies, new cryptocurrencies, blockchain technologies, and the exchange of new and decentralized goods and services implemented through sharing economy platforms increase this risk even more.

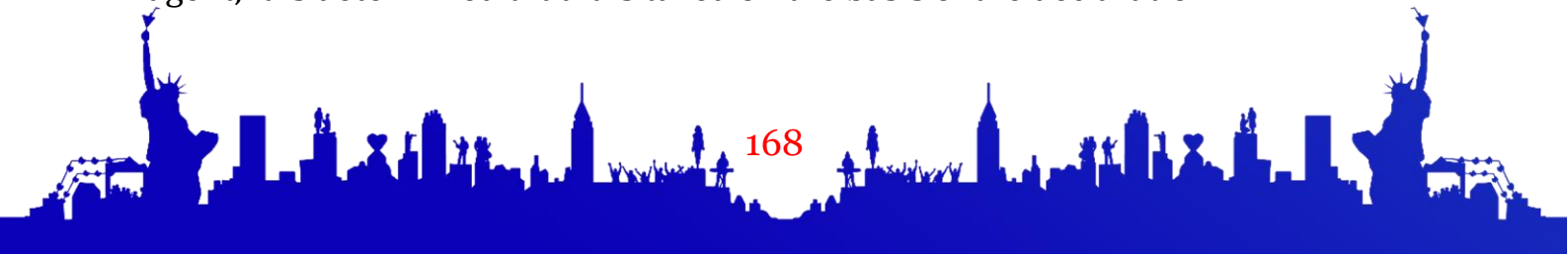
To reduce such risks, mandatory online registration of cash payments has been introduced in the Russian Federation since 2017, and the person who made the payment in cash has the opportunity to check the legality of the transaction through the provided QR-code payment check. In Denmark, since 2013, all payments above 10,000 Danish kroner (1,445 US dollars) must be made electronically, and companies are required not to accept or pay cash in excess of 50,000 Danish kroner (7,228 US dollars)[20].

The second direction is that our national legislation does not provide for direct criminal liability for certain economic acts and there are risks associated with it.

In accordance with the new version of the Tax Code implemented this year, mechanisms for accounting and refunding overpaid and overcollected taxes, as well as payment of interest on the amount of overcollected taxes are being introduced. This may lead to tax fraud by some individuals by abusing this mechanism.

Therefore, in most foreign countries (Slovenia, France, Germany), criminal liability has been established for frauds related to the return of taxes by claiming that taxes have been overpaid or collected illegally.

There is no legal restriction on the implementation of this practice in Uzbekistan. In particular, in Section 13 of the Tax Code, when determining the income tax base from individuals, the income received by the taxpayer, both in cash and in kind, or the rights arising for the disposal of income, as well as income in the form of material benefits, are taken into account, and the tax at the tax rate applicable to the income of an individual is taken into account. is placed. In this case, if the income of an individual has not been taxed at the tax agent, it is determined that it is taxed on the basis of the declaration.





Based on this, courts and law enforcement agencies are not limited to confiscation of illegal income obtained as a result of illegal acts (bribery, fraud, financial pyramid, etc.) must.

Liability for illegal financial transactions (money transfers, loans, loans, leasing, etc.) without registration in foreign countries is established. In particular, in Turkey, there is criminal liability for illegal lending for profit. Based on this, it is proposed to establish responsibility for illegally providing financial services (loans, loans, leasing, money transfers) for the purpose of profit.

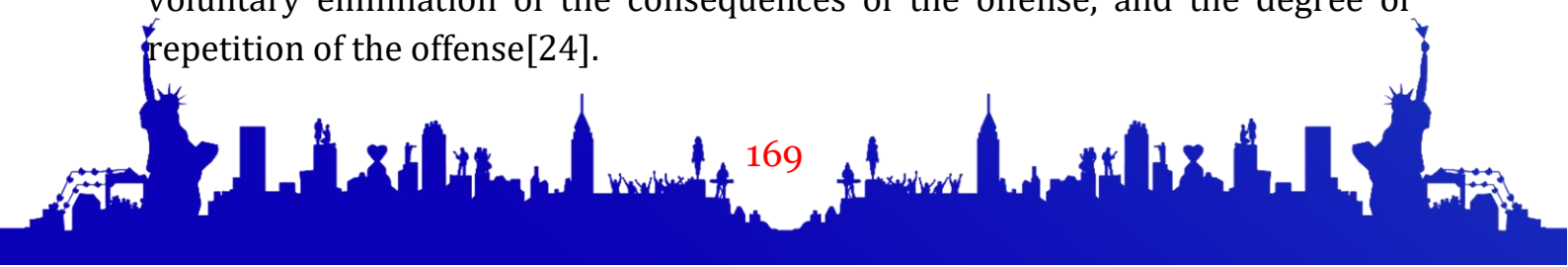
At present, with the help of the risk management system, favorable conditions, benefits and advantages for honest business entities are being implemented, as well as simplification of operations and procedures related to them. possible This allows them to hide their illegal activities and is part of the crime of identity theft.

In particular, in accordance with UN Security Council Resolution No. 1617 (2005), FATF recommendations are international standards that must be implemented by UN member states. According to the standards of the FATF organization (recommendation 3), the concept of the crime of money laundering should cover all serious crimes, including a wide range of predicate crimes[22].

The third direction is based on the question of the effectiveness of the types of punishment and other legal measures to combat underground economic activity. It has been determined that a person commits an offense depending on the probability of detection of the offense, in which the amount of the penalty is insignificant, therefore it is important to ensure that the person is inevitably held accountable for the offense, rather than increasing the sanctions [23].

This can also be seen in the example of the effective application of a wide range of sanctions for economic offenses in foreign countries. In particular, criminal liability of legal entities, differentiation (classification) in prosecution, confiscation of property as a punishment, determination of legal measures of shaming individuals through mass media will allow to increase the effectiveness of fighting against hidden economic activities.

In Ireland, the economic tort system focuses on the individual's voluntary rectification of the tort. Sanctions for the same offense are differentiated depending on cooperation with supervisory or law enforcement agencies, voluntary elimination of the consequences of the offense, and the degree of repetition of the offense[24].





Conclusions and suggestions

According to the results of the analysis carried out within the framework of this article, the following conclusions and suggestions are made regarding the improvement of some organizational and legal aspects of reducing and eliminating the "hidden economy":

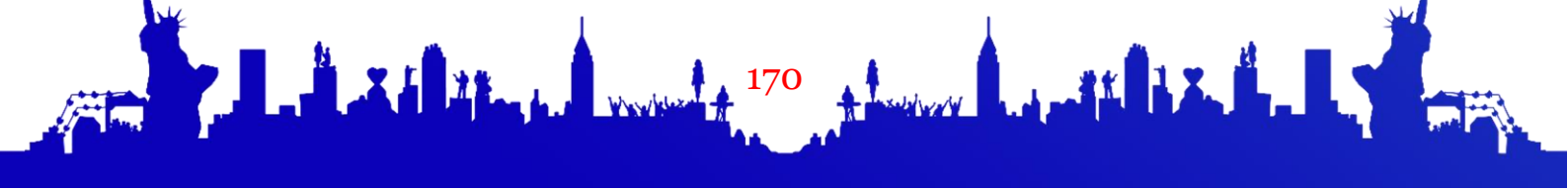
First, it is appropriate to implement measures aimed at reducing cash payments and expanding and encouraging the implementation of electronic or remote payments in cooperation with relevant ministries and agencies.

Secondly, the Criminal Code proposes to introduce direct criminal liability for certain economic acts (frauds related to tax, foreign economic activity, illegal financial services, identity theft).

These measures serve to reduce and prevent the underground economy by further improving accountability and enforcement measures for economic offenses, supporting honest entrepreneurs, encouraging mutual cooperation and public control.

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