

PILOT PROJECT «NON-OBSERVED ECONOMY»

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*Subcomponent 10 «The pilot sample survey of non-observed economy
in the Republic of Tajikistan»*

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**RESULTS OF PILOT SURVEY OF
NON - OBSERVED ECONOMY AND ON UNDERSTATING
THE REPORTING ACCOUNTING DATA REGARDING OF
EVASION FROM TAX PAYMENTS**

DUSHANBE-2008

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Abbreviations:

GDP	Gross Domestic Product
IDA	International Development Association
NOE	Non-observed economy
SNA	System of National Accounts
VAT	Value added tax
CIS	Commonwealth of Independent States

Introduction

As far as it known, the system of national accounts is closely connected with the other systems of macroeconomic measurements (the balance of payments, statistics of public finances, statistics of the prices, currency-monetary statistics, labor statistics) and its introduction is one of the major elements of infrastructure creation of the national value necessary for realization of economic monitoring in the Republic of Tajikistan. Availability of non-observed economy is characteristic for any country, but for the countries with transition economies including our country this event represents the serious problem caused by a number both objective, and the subjective reasons. The latent activity of the registered enterprises is expressed in representation of corrupt data or them failure to submit, and also incomprehensive scope of the operating enterprises. The data falsity is expressed in understatement of output, operational profit, and overvaluation of intermediate consumption which basically is connected with concealment of incomes of the taxation. Incomplete scope and failure to data submit is basically concerned with the statistical problems caused by following factors:

- expansion of a private sector as a result of privatization and occurrence of the new enterprises, including an ample quantity lesser;
- necessity of statistical supervision adaptation to new conditions of economy.

Proceed from abovementioned; the practical estimations of non-observed economy indexes are rather complicated. It is basically connected with presence of the theoretical and information problems. The existence of the uniform approach to theoretical definition of non-observed economy phenomenon is a necessary condition. It allows not only work facilitating to the practical workers leading calculations, but also will provide correct understanding of the received results. The absence of the reliable primary information is the main deterrent. Via special methods some calculations can be lead on the basis of an available information base. However for estimation of wide period of dates upward and increases of their quality should be used additional information sources. For this purpose should be adjusted the regular interaction with other state bodies, and also scientific centers.

Up to date Goskomstat conducted the estimation of non-observed economy, applying only the integrated method which includes availability of non-registered activity on branches, using materials of sample surveys. For the last some years this estimation changed between 20 and 25 percent and it joined to the estimation of national accounts. The Survey of Non-Observed Economy as those was never spent in the republic. And, the pilot survey has been carried out together with representatives of Tax Committee for the first time in 2007, by support of international expert and TESIS programme on statistics-9. The overall survey is planned to lead in the frame of realization of the long-term program on statistics from IDA grant and financial assets from the trust fund (grants of the Ministry of the Great Britain on the International Development and the Swedish Agency on the International Development, being in management IDA). Therefore the results of pilot research are the first important step in definition of shadow economy in Tajikistan.

Information about survey

At the carrying out of measurements of non-observed economy it is important to know not only about unaccounted volumes of manufacture of the goods and services, but also about scopes of community losses from distribution of those or other "shadow" forms of business activity. In this connection the great value has the analysis of economy of "a black cash" or, spoken by more academic language, - unaccounted cash-flow cycle which is traditionally closely connected with "shadow" activity of the enterprises and with deviation from payment of taxes.

The survey which was conducted by the State Committee on Statistics, concerns to Eurostat methodology as T 4 called by "a method of the tabulated approach": understating of the accounting data connected with deviation from taxpaying by the enterprises, the public sector entity, the private companies, physical persons and so on. The research objects was experts of tax audit (the inspector of taxation authorities) who were engaged in check of reliability of managing subjects on representation of the information on taxes.

On primary stage were chosen regions by the greatest quantity of tax inspectors, the sizes and fields of activity of managing subjects. So, from 1277 tax inspectors working in the Republic - in Dushanbe worked 215, Kurgan-Tube (the center Khatlon region) – 23, large industrial region Tursunzade – 42 and in one more large region of Tajikistan – Rudaki – 41. In the generally aggregate it made 25 percent or the one quarter. As it became known, not all tax the inspectors were engaged in checks. Thus, using a variant of sample from set of quantity of inspectors and quantities of the inspectors, engaged checks, it has been chosen:

Table 1.

Regions	Quantity of tax inspectors	Quantity of selected inspectors for research
1. Dushanbe:	215	197
Shokhmansur district	53	49
Somoni district	51	47
Firdavsi district	53	+48
Sino district	58	53
2. Kurgan-Tube	23	21
3 Tursunzade	42	38
4. Rudaki region	41	37
TOTAL	321	293

On this basis, the assignment was distributed on one interviewer

Table 2.

Regions	Quantity of selected inspectors for research	Quantity supervisors	Quantity interviewers	Assignment on 1 interviewer
1. Dushanbe:	197	1+4 =5	18	10,9
Shokhmansur district	49	1	4	12,25
Somoni district	47	1	4	11,75
Firdavsi district	48	1	4	12,0
Sino district	53	1	6	8,83
2. Kurgan-Tube	21	1	2	10,5
3 Tursunzade	38	1	3	12,66
4. Rudaki region	37	1	3	12,33
TOTAL	293	8	26	11,26

Then the quantity of spent time for carrying out of inspection for 12 working days on each group has been certain. The survey has been lead from October, 22 till November, 7 2007. Preliminary with everyone supervisor and the interviewer the contract (the appendix 3), including days of processing and data presentation of survey has been concluded

Survey target

In the market conditions the state is very need in information for management of various processes which should gather by statistical system. As is known one of the major macroeconomic and the statistical factor, qualificative the volume of manufacture of the goods and services of each state is the Gross Domestic Product (GDP). Incomplete coverage of the given macroeconomic factor creates challenges for users, deforming both levels, and trends. Without taking into account the latent economic activities it is already impossible to make objective representation about coverage of national economy and especially in its some branches. At the same time absence of the weighed and certain official estimations from the state statistical bodies conducts to occurrence of alternative calculations, many of which are not professional enough and objective. The majority of these estimations for the different reasons in two and more times overestimate the valid volume of the latent economic turn. In particular these conditions have formed the basis for inclusion of NOE parameters calculation and their account in GDP calculation and other macroeconomic parameters.

The purpose of given project is consist in the facilitating to statistician in obtaining of comprehensive estimations of GDP closely connected with non-observed economy, working thus in cooperation with other state bodies. In case with tax audits which have comprehensive experience of

work on issues concerned with data understatement by the enterprises and entrepreneurs in connection with evasion from payment of taxes to the state.

Moreover:

- to reach adequacy of GDP estimation and other macroeconomic parameters according to methodological requirements SNA – 93;
- to receive a part of the information on NOE which can be used for development of effective decisions on contestation against this event;
- to receive an additional estimation of data on the enumerated method;
- to use obtained data for balancing statistics in the frame of SNA.

Restrictions which are not covered by survey

According to SNA-93 some aspects of activity can be in economic sense industrial and quite lawful, but at the same time latent from bodies of the government by following kinds of the reasons:

1. deviation from taxpaying to the incomes, to the value added, and also other taxes;
2. deviation from payment of fees on social insurance;
3. deviation from necessity to follow to the standards fixed provided legislation;
4. deviation from following to the appointed administrative procedures, such as filling of the reporting or other administrative forms.

From the abovementioned follows, that the given pilot research concerned, only the first item and the others were not exposed to observation yet. Nevertheless, the estimation of coverage of NOE distribution, based on the information from informal interviews is represented obviously insufficient. As a whole, in view of complexity of revealing and quantitative measurement of "shadow" economic processes, their analysis should be based on regular comparison and countercheck of information received from different sources. At the same time direct use of these data for an estimation of "shadow" economy coverage hardly is correct. In our opinion, using of the given method effectively only at existence of long time series and for this reason it is necessary to conduct the full survey taking into account all factors of shadow economy

Questionnaire design

After the first visit of the key expert from Eurostat on macroeconomic statistics Anders Nordin the project of the questionnaire on pilot survey of tax inspectors (based on expert's recommendation) has been developed. The checking of correctness of taxpaying are spent at those enterprises on which it is supposed the greatest deviation from taxpaying and, in opinion of the expert, the estimation of deviation from taxpaying (i.e. withhold incomes) it is possible to receive only via tax audit.

At primary stage of the questionnaire preparation the expert proposed us to enter 8 questions:

1. What proportion of declared taxes is administrated by taxation authorities?
2. What average taxable income from declared taxes is administrated by taxation authorities?
3. What average size of the under control companies proceeding from quantity of workers?
4. Whether you make regular check of the tax declarations filled by the companies not having status of the legal person?
5. What part of sale, according to the made checks, was not pronounced in the activity branches?

6. According to the made checks, what the share is composed with the falsified purchases of the goods and the services, included in operational charges and expenses for services with the purpose of increase in the VAT which are a subject a deduction?
7. What share of salaries, according to the resulted checks, is included in operational charges and expenses for services?
8. According to the made checks, what the share of latent salary (not including in operational charges and expenses for services)?

All the offered questions have been discussed with representatives of Tax Committee and with a view of reception of more information from the tax audit have been made changes and additions to the offered questions (the appendix 1: the questionnaire). At the following visit the expert has get acquainted with the given changes, and the questionnaire has been approved.

The questionnaire has been translated and presented at training on preparation and carrying out of pilot survey on 18 October, 2007 with the purpose of acquaintance and supervisor and interviewers training. Representatives of the invited taxation authorities make terms, that inquiry should be lead on results of tax checks among the tax inspectors, enterprises engaged by check by economic activity category, also on physical persons working under the certificate and physical persons working under the patent.

The order of filling of the questionnaire

Before the beginning of inquiry tax inspectors must to read the circulation. The interviewers are required to behave very politely and correctly, using leading questions to receive authentic answers.

Part A. General – the interviewer should write the address of tax inspection which subject to inspection up to the beginning of inquiry

Part B. The circulation to the respondent and further by questions:

question 1 – what proportion of taxes he checks attached to him the under control enterprises

- a) how many percent are composed declared taxes
- b) non-declared taxes

question 2:

- a) the total sum of the declared taxable income
- b) the total sum of the declared tax from the income
- c) the latent taxation
- d) the latent taxation in % to declared taxes

question 3 – quantity of the under control enterprises which he (she) checked during the year

question 4 – about regular check of tax declarations presented by physical persons from tax audits (yes, no, not completely)

question 5 – according to the conducting tax checks, what sum do not declare tax by economic activities

question 6 – according to the conducting the tax checks, what sum and what the share is composed with the falsified purchases of the goods and the services, included in operational charges and expenses for services with the purpose of increase in the VAT which are a subject a deduction by types of economic activities

question 7 – by the results of tax checks the sum of volume of incomes hidden from the taxation in % to proceeds from realization of works and services by kinds of economic activities

question 8 – according to tax checks, the sum and a share of material inputs in % to proceeds from realization of works and services by types of economic activities

question 9 – free opinion and the respondent's answer about non-payments of taxes from taxpayer in % by below mentioned types of taxes:

- income tax; from the legal persons, from the natural persons;
- wealth tax and land;
- social tax;
- VAT (which is included, by the opinion of science officers and tax authorities at conversation with them during a seminar –this tax does not concern to the entrepreneurs)

question 10 - free respondent's opinion about tax treatment in Tajikistan (soft, rigid, radical).

The problems arisen during carrying out of research and the decision of arising problems.

At the carrying out of research it has been explained, that the statistical agency is not supervising body and, the information received by it during carrying out of survey is strictly confidential which will not be used as the basis for amerciamento, penalty fee, tax and additional tax. In spite of the fact that **the letter from the Government of Republic Tajikistan** was prepared (*the appendix 2*) and on the first page of the questionnaire there was an inscription, that "Confidentiality is guaranteed by the recipient of the information", during carrying out of pilot inspection the problem consist, that respondents of tax audit **in the first day** was not desirable answered on the questionnaire. This fact spoke that they did not trust to the statistician. For the decision of the given issue on **the second day of the beginning of work** was necessary to spend for supervisors and interviewers the explanatory work among workers of tax audit who were engaged in check of legal and physical persons and to convince them, that an overall objective of the present survey is use of the received information only as a source for statistical calculations at definition of non-observed economy.

Survey outputs

Question 1 – what proportion of taxes he checks attached to him under control enterprises:

- a) how many percent are composed declared tax
- б) non-declared tax

The results have shown following:

Table 3. The proportion of controllable taxes on the average on each region

(thousand somoni)

№ question	Sino district	Somoni district	Somoni district large taxpayer	Shokhmanur district	Firdavsi district	total Dushanbe	Rudaki region	Tursunzade	Kurgan-Tube	large taxpayer Kurgan-Tube	Total
LEGAL PERSONS											
in % by all	100	100	100	100	100	100	100	100	100	100	100
a) declared	59,00	74,40		90,60	80,00	79,20	89,70	89,50	88,80	78,40	82,1
б) non-declared	41,00	25,60	100,00	9,40	20,00	20,80	10,30	10,50	11,20	21,60	17,90
NATURAL PERSONS											
in % by all	100	100		100	100	100	100	100	100		100
a) declared	74,5	84,2		88	93	82	83	90,7	85		82
б) non-declared	25,5	15,8		12	7	18	17	9,3	15		18,0

Question 2 – What taxable average from sales proceeds is controlled by taxation authorities, following items were included:

- a) the total sum of the declared taxable income
- b) the total sum of the declared tax from the income
- c) the latent taxation
- d) the latent taxation in % to declared taxes

By the analysis of the proceeded information (table 3) it has been appointed in general on four surveyed regions that:

a) declared income is composed in total 1567354,3 thousand somoni including:

- legal persons 1458979,8 thousand somoni (93,1 %)
- natural persons 108374,5 thousand somoni (6,9 %)

b) declared tax is composed in total 323422,9 thousand somoni including:

- legal persons 311716,1 thousand somoni (96,4 %)
- natural persons 11706,8 thousand somoni (3,6 %)

c) latent taxation 33284,5 thousand somoni including:

- on legal persons 31651,9 thousand somoni (95,1 %)
- on natural persons 1632,6 thousand somoni (4,9 %)

d) total amount of latent taxation in percent is composed:

- to income 2,2 %
- to taxes 10,2 %

Table 4. (thousand somoni)

№ question	Sino district	Somoni district	Somoni district large taxpayer	Shokhman sur district	Firdavsi district	total Dushanbe	Rudaki region	Tursunzade	Kurgan-Tube	large taxpayer Kurgan-Tube	Total
LEGAL PERSONS											
2											
a	165607,7	101441,8	581931,0	110249,1	194636,0	1153865,6	91429,2	51438,6	149671	12575,4	1458979,8
b	18666,3	22118,9	192934,1	18690,9	21870,4	274280,6	21509,8	6060,2	8484,5	1381	311716,1
c	6726,8	5434,7	8291,5	1574,6	4542,5	26570,1	3529,5	637,9	785,2	129,2	31651,9
in % to the income	4,06	5,36	1,42	1,43	2,33	2,30	3,86	1,24	0,52	1,03	2,2
in % to the tax	36,04	24,57	4,30	8,42	20,77	9,69	16,41	10,53	9,25	9,36	10,2
NATURAL PERSONS											
a	4932,4	13317,4		46493,4	11425,3	76168,5	28001,3	1933,6	2271,1		108374,5
b	962,6	560,4		5433,6	2252,2	9208,8	1840,9	290	367,1		11706,8
c	242,3	102,72		680	183,0	1208,0	323,8	48,2	52,6		1632,6
in % to the income	4,91	0,77		1,46	1,60	1,59	1,16	2,49	2,32		1,51
in % to the tax	25,17	18,33		12,51	8,13	13,12	17,59	16,62	14,33		13,95
TOTAL											
a	170540,1	114759,2	581931,0	156742,5	206061,3	1230034,1	119430,5	53372,2	151942,1	12575,4	1567354,3
b	19628,9	22679,3	192934,1	24124,5	24122,6	283489,4	23350,7	6350,2	8851,6	1381	323422,9
c	6969,1	5537,42	8291,5	2254,6	4725,5	27778,1	3853,3	686,1	837,8	129,2	33284,5
in % to the income	4,09	4,83	1,42	1,44	2,29	2,26	3,23	1,29	0,55	1,03	2,12
in % to the tax	35,50	24,42	4,30	9,35	19,59	9,80	16,50	10,80	9,46	9,36	10,29

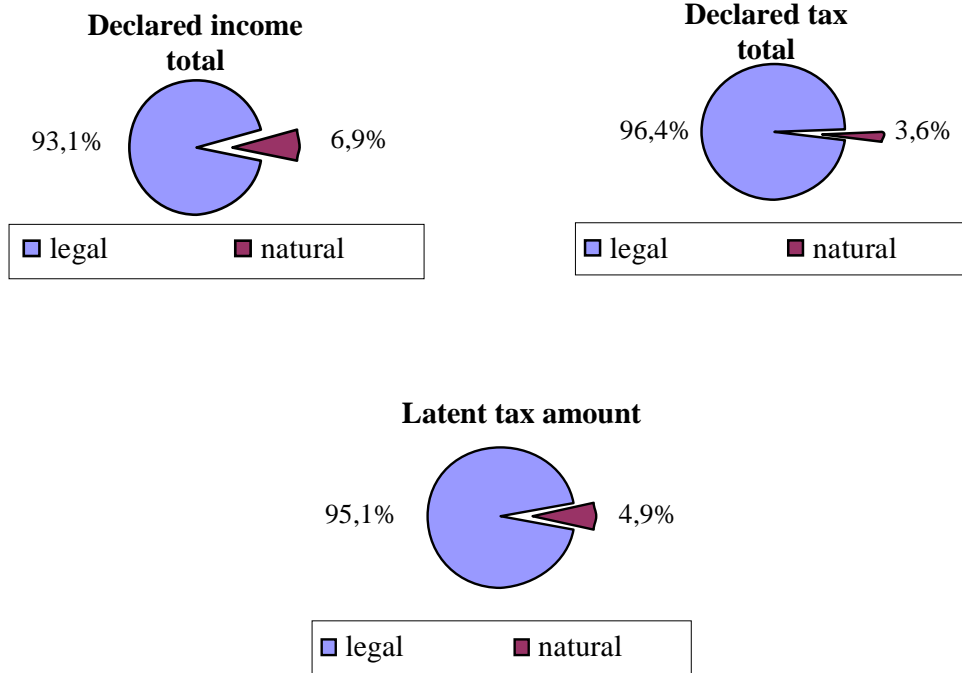
The latent tax amount on legal persons composed in relation to the declared income of 2,2 % and in relation to the declared taxes of 10,2 %, on natural persons it composed accordingly 1,51 % and 13,95 %.

As a whole the latent tax amount to declared incomes on the average composed 2,1 %, and to declared taxes of 10,3 %.

The analysis of survey results approved, that the degree of economic activity of the declared incomes has distinction between economic subjects of which legally registered subjects composed 93,1 % dominating in relation to natural persons (6,9 %). Such tendency is observed also under declared taxes and the latent tax amount accordingly 96,4 % - 3,6 % and 95,1 % 4,9 %. The greatest percent of the latent taxes in percentage to the income on legal persons was observed in Somoni district of Dushanbe and the least in Kurgan-Tube (5,36 % and 0,52 %). On natural persons is conversely, i.e. the least was observed in Somoni district of Dushanbe, and the greatest in Sino district of Dushanbe - 4,91 %.

Table 5.

Item	Specific weight
declared income, total	100
<i>legal</i>	93,1
<i>natural</i>	6,9
declared tax, total	100
<i>legal</i>	96,4
<i>natural</i>	3,6
latent tax amount	100
<i>legal</i>	95,1
<i>natural</i>	4,9



Question 3 – the quantity of the under control enterprises which he (she) checked during the year.

The answers of tax audits on the third question have shown what quantity of the enterprises and establishments working and how many from them have got under the control of tax audits from all registered enterprises and establishments on surveyed regions what we can see from the following table:

Specific weight of the under control enterprises

Table 6.

№	Region	Registered enterprise	Continuity	Quantity of the under control enterprises	Specific weight of the under control enterprises, in %
1.	Dushanbe, total	7737	4826	4426	91,7
	including:				
a.	Sino district	2088	1168	1123	96,1
б	Somoni district	2330	1709	1354	79,2
в	Shokhmansur district	1973	1243	1243	100
г	Firdavsi district	1346	706	706	100
2	Rudaki region	635	576	437	75,8
3	Tursunzade	649	362	362	100
4	Kurgan-Tube	581	451	451	100
	Total:	9602	6213	5676	91,4

Proceeding from these factors, it is possible to draw a conclusion, that from the registered enterprises and establishments are considered working- 64,7 % and 35,3 % are not working. From among working managing subjects, in Dushanbe only 91,7 % are under the control of tax audits and in Rudaki region are 75,8 %. In other surveyed regions all the operating enterprises and the organizations.

The answers for question 4 – concerning of regular tax declaration offered by natural persons form the side of taxation audit has shown affirmative tendency.

The answer on the question based on results of regular verifications of natural and legal persons' tax declarations from the side of taxation audit indicates that have indicated the affirmative tendency. Upon of our opinion the cause of active collaboration with taxation authorities consist in the updating of institutional incompleteness, also in changing of nature persons' mentality to market economy side.

Table 7.

	legal persons	natural persons	total
yes	55	70	125
not	33	8	41
short	3	7	10
TOTAL	91	85	176

Question 5 – according to prosecuted tax verifications, such as amount of non-declared tax by economic activity.

The report results indicates that the largest specific weight of non-declared works and services in Dushanbe accorded on the service industries – 26,3%, in the industry – 23,9%, in the trade - 23,8%. Also and by the employment size the largest specific weight of non-declared works and services retained in the service industries, where working up to 10persons – 12%; in the industry where working more then 50 persons – 17,9% and in the trade naturally, from 11 to 50 persons – 9,1%. The largest specific weight in Tursunzade composed in the branch of trade – 29,3% and 29,1% in the agriculture. By the employment size in the trade where up to 10 persons – 23,9% and in the agriculture more then 50 persons – 26,5%. The largest specific weight of non-declared works and services in the Rudaki region distinguished in the construction – 36,3% and in the industry – 31,9% by the total volume. Accordingly, the persons quantity which worked in these branches from 11 to 50 persons – 32,4% and 16,1%. The comparable tendency was traced in the Kurgan-Tube, i.e. in the service industries – 30,45% to the total volume and 16,1% - in the industrial activity 23,0% and 7,3% where the employment size is from 11 to 50 persons.

Question 6 – “According to the conducting tax inspection, such as amount and which proportion composed of falsified commodity and service procurements are includes to the operating expenses with the aim of deductible VAT precipitation by economic activity” has shown that, the proportion of falsified commodity and service procurements including to the operational expenses with the aim of deductible Vat precipitation generally is observed in the branch of trade and consumer services composed 28,6 % and 22,5 %.

Accordingly, the proportion of industry and information services is composed 19,4 % and 12,2 %, in the construction – 15,9 % and by other activities – 1,4 % (agriculture, hotel and restaurant business, sport and health services, transport), what is shown in the table:

Table 8.

	Activity category	Proportion
I.	trade	28,6
II.	other service types	22,5
III.	industry	19,4
IV.	information services	12,2
V.	construction	15,9
VI.	agriculture, transport, health services	1,4
Total:		100

Question 7 – by the results of tax verifications, the amount of income volume wrapped from taxation in % to the works and services sales proceeds by economic activity pointed that the total volume of wrap taxation (to the commodities and services sales proceeds) is 2,1%. Whereas to accept the factor of wrap income for 100%, when the largest specific weight of wrap taxation is occurred in the service industries – 26,1 %. In the industry – 23,1 %, in the trade – 23,0 %, in the construction – 18,3 % and in the other activities – 9,5 %.

Question 8 – by the results of tax verifications, the amount and the material inputs proportion in % to the works and services sales proceeds by economic activity.

The respondents' answer is showed that the largest specific weight of overvaluation of material inputs proportion in % to the works and services sales proceeds is fall on legal persons. According to the understated factor proportion of material inputs overvaluation of natural persons by the analyses we combined available factors in questionnaire. The specific weight of branches by legal and natural persons in the total volume of enterprises overstated expenditures is composed: in the industry – 64,1 %, in the construction – 13,4 %, in the service industries – 10,7 %, in the trade – 5,6 %, in the information technology – 3,6 %, in the transport – 1,8 % and in the other activities – 0,8 %. On our opinion the proportion of material inputs overvaluation understatement by natural persons is consist in the carrying out of operation in cash form of paying.

Question 9 – free opinion and respondent's answer concerning of nonpayment taxation from taxpayer's side in % by below mentioned types of taxes:

- tax on income: a) from legal persons, b) from natural persons;
- wealth and land tax;
- social tax;
- VAT (which is includes scientific workers and taxation authorities opinion in the discussion with them during the meeting – this tax do not covering to entrepreneur).

The results of answers are showed that is occurred the addiction to tax non-payment extrinsically economic subjects generally by land tax and VAT from legal person and social tax from natural person, that visible from follow table:

Table 9. The addiction to taxation nonpayment extrinsically of economic subjects (%)

№	Type of taxes	Legal persons	Natural persons
1	VAT	8,2	3,4
2	Tax on income	6,4	0,7
3	Tax on real estate	3,3	6,2
4	Land tax	12,8	4,1
5	Social tax	4,3	11,0

\Question 10 – as and the ninth has public character and respondents answers by personal opinion about tax treatment in Tajikistan (soft, strict, radical).

Any levy system is reflects the character of framework of society, the country's economic climate, the mental ballast of socio-political situation, the degree population of belief to government. The aim of this question is in the definition of stability and changeability of taxation system.

The combination of stability and dynamism, changeability of taxation system accomplished by that during the year any changes (by the exception of disposal apparent error) are didn't include to: the structure of taxation system (detail of taxes and payments) and this structure must be stable during several years.

Respondents' answers confirmed that it takes place of changing, rectification and burden of taxation mitigation for entrepreneurs (52%). The other part of respondents couldn't define because of they weren't informed about situations concerning of taxation issues in other countries (CIS).

The levy system it is possible to consider stable, accordingly proceed from state of business in country. It is accruing of improvement for entrepreneurial activity in such branches economy as construction, service industries, trade, etc.

The modifications in new taxation codex are simplifying the tax treatment and directing on the precipitation of tax levy. The new taxation codex was in place in 0.01.2005, where was extending taxable base on account of new tax types: minimal corporate profit tax (which replaced corporate property tax) and single tax on agricultural enterprises (which replaced VAT in the agriculture, tax from roads users, land tax, tax on income from employees of agricultural enterprises and agricultural corporate profit tax). The simplify tax treatment and more effective management of tax assessment will be act to raise the tax assessment level in the medium-dated period, its mean the suppression taxes from taxation inspection will decreased.

Table 10.

The tax treatment in Tajikistan (%)

№	Treatment	Legal persons	Natural persons
1	Soft	9,5	14,8
2	Strict	41,4	32,5
3	Radical	0,0	1,8

Conclusions

The research result of interview are approved the different approaches in respondent's replies. From the research is emerged, that dynamic activity is occurring as by legal and by natural persons. This is confirming the answer on the first question, which was accented on the proportion measure of controlled tax extrinsically taxation authorities. The characteristic of the investigated object is consisting in the openness and empathy, to availability to assist in process transformation in taxation system of tax inspector afloat to the process of this survey.

The results of the first question are educed the feature of taxpayer activity and inspector of taxes openness, which works out in follow statement extrinsically inspector: «It is very rugged time for taxpayers, the prices are constant grow, and burden of taxation strike upon them and this account for covertures tax». The inspectors are also distinguished themselves like: «Tax inspector is knows all about his own taxpayer, whereas he won't knew where, in which bight of manufacturing is situated one or another machine, appointments, this mean, that his unskilled tax inspector», «inspector who is unknowing all about his own object, is losing the respect beside taxpayer». Was present the acquaintance of every inspector. Exactly this knowledge about their own objects was allowed to inspectors issued with proposals and comments about establishment of transaction expository works among taxpayers. By inspector's statements – taxpayers are covered taxes in deferent cause, such as a) regarding of the guiltlessness the tax codex; b) inaccessibility of consultative centers; c) adoption of new tax codex also destabilized of taxpayers and they have took the forthcoming position «what will be happened in the future». And a number of occasions, according to inspector, promoted tax covertures from inspection.

The results of the first interview are showed that 70 % of natural person's taxpayers were declared their income, but other contained to declare their income, but they are intended to do this if the government will adopt any administrative arrangements. With reference to legal person, than answers are hesitated from 20 till 10 % and as a result they weren't declare their income.

On our opinion the population is do not realized yet as important to declare their income in internal revenue service. And this is come constraint. Timely consultation and explanation through mass media will assist in perceiving of importance and essence of declare their income registration.

On the question, what average taxable income from sales proceeds is controlled by inspector of taxes, respondents answered proceed from their observed (controlled) objects, which were serve out among them (inspectors).

The transition of planned-administrative economy to market is accepted the structure of statistical data collection, that exerted in whole and on the results of economic analysis, specifically it required more careful and comprehensive accounting and reporting in the whole.

The research activity by branches is approved, that from all branch activities, the most express factor is occurred in such as very important field, which offered clout on population welfare and economic growth in whole. As research has approved, the uppermost factor come on such as branch, as industry, service, trade and construction. Exactly in these branches are occurred gross economic

investment extrinsically economic subjects, because from its recipient profit are obtaining a quick return in every count economy acquisition of income (considered and not considered). However in such branch, where delivery is non up-to-the-minute, is occurred passive activity. Furthermore, agriculture branch is concerned with not only seasonal work, but and with other set risk (heavy rates on credit and law are not fixed in delegated legislation), that required a set of efforts extrinsically government and law bodies. Such branches, as reintegration, sport, education, science are offered as nonproductive field branch and there at least profitably work from the sight of the profit receiving. With reference to hotel and restaurant business it is gradually prosperous, because of generally offered one of the non-manufacturing business factors.

*From below mentioned tables is follows, that amount **non-declared works** by survey region is 33365,42 thousand somoni, which accord with amount of income volume wrapped from taxation and composed 2,1 percent to the total declare income amount. The amount of falsified procurements is composed 7385,96 thousand somoni, or 0,5 %, and amount of material inputs - 5609,9 thousand somoni, or 0,4 % to total declared income amount.*

*Whereas declared income by survey region is composed 1567354,3 thousand somoni, and, using it this income average percent of wrap taxation from **declared income – 18,5%**, which added from calculations by all surveyed regions, when amount of wrap tax is composed 289771,87 thousand somoni. Take into account that in 2006 Gross Domestic Product was composed 9335250 thousand somoni, and amount of wrap tax – 289771,87 thousand somoni, when the amount of wrap tax only by survey inspector in four region will composed 3,1% to GDP.*

If to take into account, that were surveyed only 23 percent of tax inspector answers, so when 100 active research by all republic amount of rated wrap tax will composed 13,4 % to GDP. Given estimation is very preliminary and it is impossible to use it in the calculation of shadow economy. With that, the present survey have shown, that it is possible to use such as approach by carrying out of the large scale survey in the republic in whole, taking into account the complexity of revelation and quantitative measurement of “shadow” economy processes, their analyses must based on regular comparison and counterchecking information, given from different sources.

Table 11 Common results by survey question 5-8

Legal persons

	industry	agriculture	transport	trade	construction	hotel and restaurant business	information technologies	redintegration, sport	other services
the amount of non-declared tax, thousand somoni									
0- 10	666,2	53,4	582	3151,1	1175,5	37,6	23,2	194,7	3234,6
11 - 50	1716,9	100,6	59,2	2726,8	3857,8	18,4	0	164,1	3321,1
more than 50	5282	171,1	319,6	1008	1063,6	0	1100	65,3	1550,6
total	7665,1	325,1	960,8	6885,9	6096,9	56	1123,2	424,1	8106,3
In total by researched - 31643,4 thousand somoni									
the amount of falsified procurement, thousand somoni									
0- 10	114,5	8,7	45,8	368,16	110,7	2	2,7	4,9	496,6
11 - 50	489,6	0	0	932,7	547,5	0	0	6,7	13,3
more than 50	829,1	18,2	21	803,2	515	0	900	0	1143,3
total	1433,2	26,9	66,8	2104,06	1173,2	2	902,7	11,6	1653,2
In total by researched - 7373,66 thousand somoni									
the amount of wrap tax from the taxation, thousand somoni									
0- 10	666,20	53,40	582,00	3 151,10	1 175,50	37,60	23,20	194,70	3 234,60
11 - 50	1 716,90	100,60	59,20	2 726,80	3 857,70	18,40	0,00	164,10	3 321,10
more than 50	5 282,00	171,10	319,60	1 008,00	1 063,60	0,00	1 100,00	65,30	1 550,60
total	7665,10	325,10	960,80	6885,90	6096,80	56,00	1123,20	424,10	8106,30
In total by researched - 31643,3 thousand somoni									
the sum of material inputs, thousand somoni									
0- 10	128,3	11,8	101,3	253,4	131,3	1	0	25,7	46
11 - 50	16,4	0	0	59,9	88	0	3,3	0,7	417,1
more than 50	3450,1	4	0,8	0	530,4	0	200	0	140,4
total	3594,8	15,8	102,1	313,3	749,7	1	203,3	26,4	603,5
In total by researched - 5609,9 thousand somoni									

Table 12 Common results by survey question 5-8

Natural persons

	industry	agriculture	transport	trade	construction	hotel and restaurant business	information technologies	redintegration, sport	other services
the amount of non-declared tax, thousand somoni									
0- 10	35,42	84,1	42,5	770,9	23,6	100,5	5,4	4,7	601,2
11 - 50	15,8	0	0	31,8	0	0	0	6,1	0
more than 50	0	0	0	0	0	0	0	0	0
total	51,22	84,1	42,5	802,7	23,6	100,5	5,4	10,8	601,2
In total by researched - 1722,02 thousand somoni									
the amount of falsified procurement, thousand somoni									
0- 10	0	0	0	7,1	0	0	0	0	5,2
11 - 50	0	0	0	0	0	0	0	0	0
more than 50	0	0	0	0	0	0	0	0	0
total									
the amount of wrap tax from the taxation, thousand somoni									
0- 10	35,42	84,1	42,5	770,9	23,6	100,5	5,4	4,7	601,2
11 - 50	15,8	0	0	31,8	0	0	0	6,1	0
more than 50	0	0	0	0	0	0	0	0	0
total	51,22	84,1	42,5	802,7	23,6	100,5	5,4	10,8	601,2
In total by researched - 1722,02 thousand somoni									
the sum of material inputs, thousand somoni									
0- 10	0	0	0	0	0	0	0	0	0
11 - 50	0	0	0	0	0	0	0	0	0
more than 50	0	0	0	0	0	0	0	0	0
total									

Table 13 Common results by survey question 5-8

In total by researched regions (natural and legal persons)									
	industry	agriculture	transport	trade	construction	hotel and restaurant business	information technologies	redintegration, sport	other services
the amount of non-declared tax, thousand somoni									
0- 10	701,62	137,5	624,5	3922	1199,1	138,1	28,6	199,4	3835,8
11 - 50	1732,7	100,6	59,2	2758,6	3857,8	18,4	0	170,2	3321,1
more than 50	5282	171,1	319,6	1008	1063,6	0	1100	65,3	1550,6
total	7716,32	409,2	1003,3	7688,6	6120,5	156,5	1128,6	434,9	8707,5
in % to total	23,13	1,23	3,01	23,04	18,34	0,47	3,38	1,30	26,10
In total by researched - 33365,42 thousand somoni									
the amount of falsified procurement, thousand somoni									
0- 10	114,5	8,7	45,8	375,26	110,7	2	2,7	4,9	501,8
11 - 50	489,6	0	0	932,7	547,5	0	0	6,7	13,3
more than 50	829,1	18,2	21	803,2	515	0	900	0	1143,3
total	1433,2	26,9	66,8	2111,16	1173,2	2	902,7	11,6	1658,4
in % to total	19,40	0,36	0,90	28,58	15,88	0,03	12,22	0,16	22,45
In total by researched - 7385,96 thousand somoni									
the amount of wrap tax from the taxation, thousand somoni									
0- 10	701,62	137,50	624,50	3 922,00	1 199,10	138,10	28,60	199,40	3 835,80
11 - 50	1 732,70	100,60	59,20	2 758,60	3 857,70	18,40	0,00	170,20	3 321,10
more than 50	5 282,00	171,10	319,60	1 008,00	1 063,60	0,00	1 100,00	65,30	1 550,60
total	7 716,32	409,20	1 003,30	7 688,60	6 120,40	156,50	1 128,60	434,90	8 707,50
in % to total	23,13	1,23	3,01	23,04	18,34	0,47	3,38	1,30	26,10
In total by researched - 33 365,32 thousand somoni									
the sum of material inputs, thousand somoni									
0- 10	128,3	11,8	101,3	253,4	131,3	1	0	25,7	46
11 - 50	16,4	0	0	59,9	88	0	3,3	0,7	417,1
more than 50	3450,1	4	0,8	0	530,4	0	200	0	140,4
total	3594,8	15,8	102,1	313,3	749,7	1	203,3	26,4	603,5
in % to total	64,08	0,28	1,82	5,58	13,36	0,02	3,62	0,47	10,76
In total by researched - 5609,9 thousand somoni									

Recommendations

1. Introduction of automation in the account and the reporting will create stability, stability of statistical departments and as will improve a taxes collecting as a whole.
2. Improvement of legislative and institutional bases of the account and the reporting on natural persons (shortage of the information on natural persons complicates to make the positive and normative analysis)
3. Reduction of work volume of tax inspectors, i.e. division of under control objects especially on physical or natural persons. Specialization by concrete kinds, branches will allow to tax inspectors to analyze qualitatively sources of the taxation, and to make corresponding comments on each step of checks with the purpose of improvement of tax service and to strategic planning.
4. In new economic conditions is necessity of regular improvement of professional skill of tax inspectors is actual.
5. It is necessary, that economic attitudes between taxpayers and tax inspectors were formed by a principle of validity and efficiency.
6. Stability is main stimulus of work as for taxpayers, and tax inspectors therefore change, updating of laws and administrative ordinance is demands prime knowledge among economic subjects. (on means of mass-media).
7. Fair distribution of tax privileges is stimulus for development of small and average business that is a strategic problem of economic reforms. In this connection, necessity of the control and monitoring from tax inspectors is paramount.
8. It is necessary, that the tax inspectors are rendered the technical help during revival and developments of the enterprises, to legal and natural persons.
9. Besides of information by natural persons on type of activity indicated in questionnaire we have got the information concerning of natural persons working by patent. In particularly their activity in conditions of transitive economy is the most significant for increase of well-being of each individual. A kind of their activity it is, basically, shuttle business, commerce, and individual labour activity. The maintenance of their economic activities are not opened completely and consequently are least shined as in labour, and the tax laws. Labour activity of this kind has no stability of wages that gives to insufficient stability in perspective in the future. Other feature of this kind of the taxation consists still that this form of the tax in Tajikistan as well as in all countries of a transition period is insufficiently studied, and tax inspectors only fix the limited information on their activity, namely their incomes and taxes from it. Perhaps, it is one of the reasons of absence of the full information. According with what all-round studying the set forth above economic activities is represented to us, to study world experience under the account and the reporting, to the control and monitoring and to apply the international experience in view of institutional features in Republic Tajikistan.

State Committee on Statistics
Republic of Tajikistan

EUROSTAT

QUESTIONNAIRE

Of survey of tax inspection's inspectors

Confidentiality is guaranteed by the information receivers

Name of interviewer	Code
Name of supervisor	Code
Name of operator (for data input)	Code

Dushanbe 2007

Dear respondent!

It is necessary for the Government in market economy to get information for managing different economic processes, which has been collecting by the system of statistics. As you know one of the most important macroeconomic and statistical indications characterizing the volume of production of goods and services in economy is the GDP.

Insufficient coverage of this macroeconomic indication creates problems for the users, distorts both the level and the trends. The level of GDP and other data will be changed to the lower sides and create unrealistic understanding of economy and impede the international comparativeness. This will have big impacts in the case of, for example, cash payments conducting by the country or receiving by the country are determined according to the GDP, or when poverty is measured by the GDP indicators per capita or environment standards are measured by pollution indication of wastes per unit of GPD.

The aim of this project is to make a contribution for the statisticians in getting all the required evaluation of GDP which are closely linked with NOE and are in the cooperation with other state agencies. For instance, in our project as an expert for evaluation of unknown parameters can be used the tax inspectors who have required experience in the non-observed economy in the country.

Thank you for cooperation!

Part A. General Information

Tax inspections address _____

Part B. Survey questionnaire of tax inspection's inspectors

Dear respondent!

According to the results of checking for 2006 we ask you to provide the evaluation of the volume of non-declared incomes from the taxation by legal and natural persons in your region (city) by answering to the given questions:

1. What is the proportion of tax returns controlled? _____ (in %)

a) declared incomes _____ (in %)

b) non-declared incomes _____ (in %)

2. What is the average taxable income of the returns that are controlled?

a) total declared income _____ thousand somoni

b) total declared taxes _____ thousand somoni

c) hidden amount of tax _____ thousand somoni

d) hidden amount of tax _____ in %

3. The number of enterprises that are controlled (in terms of quantity)?

4. Did you control the declaration on the regularly bases presented by the Unincorporated companies? Please indicate the reason.

Yes _____

No _____

Not always _____

5. What amount of conducted works and services is according to the achieved controls was non-declared in the following branches of activity _____ in thousand somoni.

Enterprises by the number of staff/workers:
(please, fill the given table)

	Industry		Agriculture		Transport		Trade		Construction	
	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises
0-10 employees										
11-50 employees										
Above 50 employees										

	Hotel-restaurant		Real estate-renting		Informatics		Recreation-sport		Individual services	
	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises
0-10 employees										
11-50 employees										
Above 50 employees										

6. What is according to the achieved controls the share of fake purchases of goods and services which is included in the operating cost and services expenses in order to increase the deductible VAT? _____ in thousand somoni
 _____ in %

Enterprises by the number of staff/workers:
 (please, fill the given table)

	Industry		Agriculture		Transport		Trade		Construction	
	Incorporated enterprises	Unincorporated enterprises	Incorporated enterprises	Unincorporated enterprises	Incorporated enterprises	Unincorporated enterprises	Incorporated enterprises	Unincorporated enterprises	Incorporated enterprises	Unincorporated enterprises
0-10 employees										
11-50 employees										
Above 50 employees										

	Hotel-restaurant		Real estate-renting		Informatics		Recreation-sport		Individual services	
	Incorporated enterprises	Unincorporated enterprises	Incorporated enterprises	Unincorporated enterprises	Incorporated enterprises	Unincorporated enterprises	Incorporated enterprises	Unincorporated enterprises	Incorporated enterprises	Unincorporated enterprises
0-10 employees										
11-50 employees										
Above 50 employees										

7. The share of hidden income form the in percentage to revenues from goods and services realization

_____ in thousand somoni
 _____ in %

Enterprises by the number of staff/workers:
 (please, fill the given table)

	Industry		Agriculture		Transport		Trade		Construction	
	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises
0-10 employees										
11-50 employees										
Above 50 employees										

	Hotel-restaurant		Real estate-renting		Informatics		Recreation-sport		Individual services	
	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises
0-10 employees										
11-50 employees										
Above 50 employees										

8. The share of enterprises material cost overstating in % to the revenue from goods and services realization.

_____ in thousand somoni
 _____ in %

Enterprises by the number of staff/workers:
 (please, fill the given table)

	Industry		Agriculture		Transport		Trade		Construction	
	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises
0-10 employees										
11-50 employees										
Above 50 employees										

	Hotel-restaurant		Real estate-renting		Informatics		Recreation-sport		Individual services	
	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises	Incorp orated enter prises	Unincorp orated enter prises
0-10 employees										
11-50 employees										
Above 50 employees										

9. In your opinion is there any disposition of taxpayers for not paying the tax? Please define the % in each type of tax.

VAT _____

Income tax _____

a) legal person _____

b) natural person _____

Property tax _____

Land tax _____

Social tax _____

10. How do you think, what is the tax treatment in Tajikistan and how it differentiates from other counties?

Soft

Strict

Radical

