The role of tax accounting as a tool in light of the problematic shadow economy in the Kingdom of Saudi Arabia

Azza Helmy Mahmoud Shalabya*

aBusiness administration in Rass ,Qassim university, Saudi Arabia

CHRONICLE	ABSTRACT
	The increasing phenomenon of the shadow economy is progressing dramatically in the absence of State culture among officials, whether legislators or implementers, in the absence or ineffectiveness of an organized production sector. Non-compliance with tax accounting procedures is one of the first problems generated by the shadow economy and most difficult not to include it in national output. The lack of tax commitment in the shadow economy leads to an annual tax gap of billions of dollars, if there is no logical interest on the part of the taxing bodies in developing countries, and if domestic and international tax provisions and legislation are not amended to consider of these important economic developments, and how to keep up with this. The issue of the shadow economy is thorny, and the practical way to raise the revenue needed to finance government spending on the goods and services required by society lies in the local and international tax treatment at the technical and legislative levels. Consequently, the current tax systems and their related regulations must be prepared, whether at the technical or legislative level, especially in light of the flow rate of oil barrels and the alternative if it comes into force. The taxation processes allow time to study the tax accounting and tax and take what suits the Saudi environment from them - lessons for the Kingdom of Saudi Arabia, Critical terms for research/shadow economy, tax regulations and systems, tax gab, tax accounting.

1. Introduction

Many challenges are facing the Saudi economy at the local, regional, and international levels. The global financial crisis represents one of the critical global challenges, increasing competitiveness, local challenges are represented in the transition from cooperation to the union at Gulf cooperation and the so-called Arab Spring events. Some of these countries are in difficult economic situations and local challenges, including the unemployment rate, which ranges between 10.2% and 10%. 5%, as national employment, represents only 10% of the workforce in the private sector, the Kingdom ranks 21st globally in the list of commodities importing countries (excluding the volume of intra-European trade). It ranks 28th in the world for service-importing countries. The contribution of the oil sector now represents the main source of the state's general budget, and its revenues represent more than 90% of the total budget revenues. In other words, the Saudi economy is a rentier economy that depends on oil revenues, and what is required is the transition to a diversified productive economy, (Mazhar & Méon, 2017). This frightening figure explains that a large share of the output can simply not subject to tax because it is still undeclared and informal, and therefore, the official authorities have to find another resource of income to fund general expenses (Mazhar & Méon, 2017). The spread of the shadow economy significantly limits its ability to

establish strong institutions. Companies and organizations head towards the shadow economy to escape from the regulations and regulations, especially taxation.

In the last decades of the twentieth century, recorded a certain exit from the principles of self-assessment and globalization of income to face Tax evasion challenges, compliance and enforcement management differentiate between taxpayers and the risks and costs involved, Large taxpayer units have become an essential part of tax reform in shifting economies (Pashev, 2005). Action "under the table", side by side with tax evasion and illegal trade in various elements, has been concentrated on discussion since the beginning of the crisis in most advanced countries, with discussion and repressive measures taken at the internal and external levels (Petkantchin, 2013; Bicanic & Ott, 1997). It should be noted that our weight for both undeclared income and tax gap are based exclusively on the use of local currency for undeclared activities. The focus of attention on an additional tax gap resulting from income earned abroad in tax havens, even though it was not possible to trace the source of the appraisal of tax evasion abroad (Cebula & Feige, 2012). These are the greatest reasons for businessman or large enterprises to work in the shadows, whether legal or illegal, avoid government control, rules, and taxation (Jie et al., 2011). Out of lack of compliance with usable laws, rules, and legislation, it gains from most of the services provided to other sectors and in all its types and provides to the gross domestic product (GDP) and its share of the labor market, according to Jia et al. (2011). There is no deal on the underground economy and this category of the economy is called informal, shadow, black, gray, hidden, unobserved, and irregular as it represents an economically active market. There are still a lot of legitimate professions and business transactions that provide to the underground economy, but it is not reported (Jie et al., 2011). To deal with this issue is the recognition that the secret economy and the formal economy are closely tied and intertwined. They depend on each other's value and purchasing power. For example, it is estimated that almost two thirds of the income earned in the shadow economy is spent in the formal economy (Petkantchin, 2013). In many countries, the shadow economy is an important part of macroeconomics. When companies face cumbersome regulation, weak, inconsistent, and corrupt platforms, they have a motivation to conceal their activities in the shadow economy (Singh, 2014). In fact, often when issuing tax decisions or interpretation, they have no idea how a real economic turnover occurs, where the risks are, and how it can be enhanced to act in conformity with the law by facilitating the conduct of the legal business process (Schneider, Raczkowski & Mróz, 2015; Startienė & Trimonis, 2010). From the previous, protecting the national economy by searching for ways or solutions reduces the shadow economy's scope. The shadow economy's main driving forces are still indirect taxes, and therefore, this is the most efficient policy and an incentive to hide their activities.

2. Research Methodology

2.1 Research problem

The idea of imposing taxes under the shadow economy requires different tax accounting strategies to monitor, detect, and collect. The taxation system's composition is a practical way to increase the revenues needed to finance government spending on goods and services required by society. Failure to comply with tax accounting represents the gap in not determining the real national product. The tax gap resulting from tax havens resulting from the shadow economy in income and abroad costs the government billions annually; the higher the actual income level, the greater the expected degree of tax evasion, as in the law of "ceteris paribus" because people with high incomes tend to have the most excellent possible access and know-how to avoid taxable income. They have access to lawyers and accountants specialized in taxation, especially those who have the competence to reduce tax deductions, so it has become clear that these adverse effects, if transferred to developing countries, will undoubtedly have a devastating impact on those countries. Significantly since the potential tax erosion reduces the economic opportunities available to the poor, and weakens the ability of the state and its bodies to finance government services, and then search for new provisions and legislation for tax accountability in light of the shadow economy, whether at the technical or legislative level and taking what suits the Saudi environment, There is a controversy over tax accounting that is viewed from two different angles: on the one hand, some see it as a levy and a curb on technological growth and hinders the investment promotion movement. In contrast, others see its impact as enormous as it is one of the most critical state resources in financing public expenditures. The research problem is the effect of tax accounting policies and procedures in light of the shadow economy and, thus, on the national economy by applying the practical reality to the Saudi environment.

2.2 Search questions

Does the shadow economy affect the erosion of the tax base?
What is the effect of tax accounting considering the shadow economy on the national economy?

2.3 The importance of research

The importance of research stems from the following axes:

-The worsening of the shadow economy phenomenon, paving the way for the emergence of new tax sources as a tool to finance public expenditures

-Rehabilitating the tax system in light of the shadow economy and activating the tax accounting infrastructure quickly in how to deal with the prevailing political and economic conditions
-The importance of contributing to the unification of tax legislation in a modern technological way by the zakat and income authorities to reduce the phenomenon of the shadow economy and its impact on the GDP.

2.4 Research objectives

This research aims to reduce the shadow economy phenomenon, mainly since tax revenues constitute a significant amount of revenues in most developing countries, especially Saudi Arabian, so these countries must reassess the prevailing laws and legislative systems and make the necessary amendments or formulate new legislations that are compatible with this environment.

2.5 Research hypothesis

The procedures and policies of tax accounting (as an independent variable) do not affect the shadow economy (as a dependent variable)

2.6 Study methodology

This study relied on the descriptive and analytical approach, in its theoretical and field styles, where the researcher used methods of collecting primary data from the accounting literature related to the research topic. The researcher used the field method to collect data from primary sources by developing a questionnaire that serves the study's objectives, which was distributed to the study population members.

2.7 Previous theoretical studies clarifying the definition and motives of the shadow economy

The European Commission defines the shadow economy as "those economic activities and the income derived from them that fudge or evade government regulations or taxation." (TUDOSE & CLIPA, 2016), the underground economy includes "undeclared income from the lawful manufacturing of goods and services in money deals, or barter, thus all economic activities which would in general be taxed (TUDOSE & CLIPA, 2016). Feige (1997) identifies four types of underground economic with descriptions of different characteristics, i.e., unlawful, undeclared, unregistered and unofficial (Jie et al., 2011). The more accurate definition relates to the underground economy as the officially measured national income resulting from those productive activities which are not reported and are supposed to be accounted for in gross national product (GNP), in 1993, the System of National Accounts (SNA) set a good standard for defining the shadow economy as "value-added activities not recorded by official statistics though necessary" (Bovi & Dell'Anno, 2009). If the goal is to combat this phenomenon, it is necessary to understand the underlying factors such as certain tax procedures, as well as complex regulations (Petkantchin, 2013). Enterpriser and big enterprise may face exorbitant request from the government bureaucracy Rise in organizing pressure offer a strong motivation to go underground (Enste, 2010). In addition, governments cannot guarantee absolute fair regulations for business communities, so people may resort to other options that include shadow economy (Risteski, 2009). Tax ethics points to an individual's willingness to pay fair tax in a timely manner (Maurin, Sookram & Watson, 2006). Governments that respect their citizens' preferences or democracy will gain more support than "bad" governments, thus increasing the incentive to pay taxes. If the government plays the Leviathan policy, tax morals will decrease and the shadow economy will increase (Torgler, Schneider & Schaltegger, 2010). The greater the public's dissatisfaction with the Government, the greater the secondary gains from tax evasion and thus the actual overall degree of tax evasion (Feige & Cebula, 2011). Moreover, the hidden economy is affected by other social and economic factors such as disillusionment with the government; the burden taxes; low quality of public sector services; corruption and slowness of the legislative system; Lack of administrative capacity.

According to Marinov (2008), "almost all studies indicate that the most important causes of the shadow economy is high burden taxes and social security" (Schneider & Enste, 2000), other study (Schneider, 2011) exposes that the shadow economy includes the production of goods and services "hidden" for some reasons such as to avoid paying taxes. But many prefer shadow economy than report to the IRS. Urban slums are centers of transfer and strongholds of the underground economy in which economic legislation, regulation, and taxation have made economic production legally not possible. Despite all its efforts at intimidation and coercion, the shadow economy represents the most serious challenge to all government planners and regulators, and the shadow economy continues to grow as if driven by the same forces that seek repression challenging their authority and control, escapes their taxes (Tanzi, 1983). From the previous studies, the following is evident:

The hidden economy is all the unreported revenue from the legal production of goods and services in monetary or barter transactions.

The increasing burden of taxes and the proliferation of regulations are among the most critical causes of shadow activity. Government policy regarding tax measures and regulations interpreting them is corrupt, multiple, and slow legislation.
The greater the degree of public dissatisfaction with the government, the greater the actual degree of tax evasion, and the greater the crisis of people's confidence in the government and involvement in the shadow economy.

2.8 Previous theoretical studies to clarify tax accounting policies and procedures as a tool on the shadow economy

There is an excellent debate about the tax burden's role and justification and its relationship to hidden economic activity, the impact of this on the conflict gap between the tax sector financiers and the Zakat and tax accounting officer in the decisions taken, and the consequences of that on the shadow economy, whether legal (the formal economy), and illegal actions (the shadow economy), some people avoid paying cash in any way. They are trading service or product for another. But swaps usually violate licensing and permit requirements and call for tax evasion (Tanzi, 1983). Also, small firms play a small role in the growth of the clandestine economy because of the nature of these enterprises, which tend to use most of their transactions using liquid funds, thus facilitating tax evasion (Singh, 2014). The shadow economy thrives anywhere, according to taxpayers, government penalties are expensive and unfair. Some people avoid written receipts and bank accounts that may reveal activity. It makes fun of expectations towards a non-monetary society fueled by credit cards and electronic bank transfers. The IRS, which has access to all bank records, usually begins its checks through bank deposit tests, assuming that bank deposits are taxable, large, secretive economies pose policy problems and their governments may be inclined to raise tax rates to obtain revenue, thus further expanding the shadow economy. This may discourage economic growth and further distrust of official statistics (Singh, 2014). One branch of the literature found that the most stressful tax system is the main driver that increases the share of the shadow economy, as companies move underground to evade taxes and increase profit. (Singh, 2014). If taxes represent a high share of the final price, profit opportunities are provided in the secretive economy, which moves on a long-term basis and represents a large share of nationwide sales. Increasing the tax burden will only increase the disconnect between the real cost of production of goods and their prices in the official market, to the extent that consumers begin to abandon the formal market on a larger scale. To combat the shadow economy, Governments are intensifying policies of repression. That does not address the causes of the problem (Petkantchin, 2013). Taxes reduce the marginal benefit of productive labor and reduce economic output, while the shadow economy increases the marginal benefit of employment and increases the economic output that works "off the books" during weekends to earn a few dollars of work. While a weekend businessman who could earn thousands of dollars in profits is a moving target for the inspectors tax, when he is found working in the shadow economy, he is a ready target for fines and imprisonment (Tanzi, 1983). As withholdings taxes rise, this difference tends to grow, which could tempt more workers to give up taxable jobs and go underground. (Tanzi, 1983). Every time public authorities ban a product on the official market, they create opportunities on the black market. Every time they decide to raise taxes or tighten regulations, they make the illegal trade and shadow economy more profitable (Petkantchin, 2013). Therefore, high taxes not only increase the shadow economy, but also lead to weak institutions and the rule of law. It is an incentive for companies to go underground not just to avoid high taxes, but to reduce the burden of regulation (Singh, 2014). The researcher agrees with the Martinez study that the discretionary tax authority may lead to increased opportunities for administrative corruption and tax evasion, rather than more efficiency and fairness. As the company grows, keeping good records for tax purposes becomes unnecessary, while, conversely, for small companies, which are less capable of keeping books, it is important so that they can choose the lower of the two liabilities. Therefore, if tax policy seeks to achieve the minimum cost of compliance with small companies and to impose effective and fair taxes on large companies, it may not be the best tool (Pashev, 2005). This approach also represents unfair competition, eliminating law-abiding companies from the market, and declining revenues for the entire state budget, contributing negatively to the amount of public deficits or debt (Schneider, Raczkowski & Mróz, 2015). As part of the self-assessment, the taxpayer announces real income, and perhaps announces less income than actually earned. This results in greater tax control and a fine for earned income by maximizing the amount withheld (Schneider, Raczkowski & Mróz, 2015). The higher the level of real income (INC), the greater the degree to which tax evasion is expected to occur, assuming the persistence of the rest of the variables, because high-income people tend to have more access to and knowledge of income taxes. In addition, high-income people may also have greater access to specialized tax attorneys and accountants [also, perhaps, as former IRS agents. It was also noted that there was a positive relationship between inflation and the size of the shadow economy, and the negative relationship between the tax burden and the size of shadow economy (Mazhar & Méon, 2017). The researcher agrees that the arbitrary taxes are characterized as more or less responsive to the policy implementation's failure rather than as a tool to increase voluntary compliance. If it were to decline or disappear without any change in regulations or taxes, this could, paradoxically, end up penalizing the official economy.

The only permanent solution is to liberalize the legal market (Petkantchin, 2013). Increased suppression by public power, without any change without any change in regulations, laws, and legislation, simply threatens to destroy economic activities and associated revenues. The only long-term solution to ending the underground economy is to deal with the causes that gave rise to it and thus liberalize the legal market (Petkantchin, 2013). Moreover, motivation for tax fraud through tax cuts appear to be a flawed tax policy. At the same time, certain tax measures aimed at reducing tax escalation or the implementation of tax exemptions, as well as long-term adverse effects and such policies, increase the sense of the injustice of the tax system and reduce their tax morale (Dell'Anno & Davidescu, 2019). In order to combat the shadow economy, it must restore competition and activity to the formal economy and the labor market. To do that, tax and regulatory burdens must be eased (Petkantchin, 2013). The role of the International Monetary Fund (IMF) in fiscal reforms to reduce the size of shadow economy focuses on improving the tax system. This technical assistance seeks to establish tax regimes for small companies. It also works on reforms to draft tax procedure laws and implement tax administration reforms that support simplified registration procedures (Singh, 2014). The increase in the share of shadow economy negatively affects the state's economy through the actions taken by economic entities. Attention is drawn to the fact that lower tax rates and simplification of regulation may not lead to a similar decrease in the share of the shadow economy, and at the same time there are countries

where people are accustomed to following the law will not. An increase in the tax rate will lead to a significant increase in the shadow economy (Mandroshchenko, Malkova & Tkacheva, 2018). The researcher believes that the policies and procedures followed, whether in the burden of burdensome regulations, laws, and legislation, the abundance of tax regulations explain the law and their contradictions, and then benefit from legal loopholes and failure to respect tax legislation corrupt. It represents a strong incentive towards concealing many commercial activities from the government's eyes, thus avoiding paying taxes. It may also be in engaging in the hidden economy, and further eroding public revenues and zakat and tax revenues, Governments must focus on strengthening the rule of law by issuing laws and regulations that explain it, but rather by strict implementation of the minimum necessary regulations. Ease of implementation of the law and simplification of access to the formal economy, reduce conflict between taxpayers and tax inspectors, increase confidence, reduce the shadow economy's activity, and increase the tax revenue.

3. The proposed study

The applied study relied on designing and distributing a survey list for partners in audit offices, as well as managers of funds companies registered in the Saudi Stock Exchange and some employees of the General Authority for Zakat and Income in Jeddah and Riyad of Saudi Arabia.The questionnaires used in the statistical analysis were (211) questionnaire. Most of the sample members are those with academic qualifications from university education and used closed interviews to overcome these differences, whether cultural, educational, intellectual, or other.

3.1 Validity and reliability of the study instrument

Table 1
Reliability coefficients for the study tool according to the internal consistency method (Cronbach Alpha)

Questions	The desired goal	Number of paragraphs	External auditor	Tax examiner	Corporate managers
Force search	the effect of applying the policies and procedures of tax accounting (independent variable) on the shadow economy (dependent variable)	8	70.3	70.2	84.2

Table 1 shows that The Cronbach Alpha test was used to ensure the study tool's stability. The value of Cronbach's alpha coefficient for the study variables ranged between (70.2 - 84.2), which means that there is a large degree of reliability in the answers. Therefore, the results of the study can be generalized to the study population, and Table 1 shows the most noticeable effects of this test.

3.2 Statistical methods used to analyze the data

3.2.1 General Notes

The statements are answering using Curt's pentagonal scale by selecting the respondent for one of the appropriate proportions Here we have Yes = 1, No = 2 somewhat = 3

Y: represents the dependent variable
-X1 X2 X3 X4 and X5 represent to the group of independent variants.

Table 2
The degree of the relative importance of the dependent variable, shadow economy, in light of the change that tax accounting policies can make as an independent variable

	Tax examiner			Corporate managers			External auditor		
	Yes	No	somewhat	Yes	No	somewhat	Yes	No	somewhat
Reducing the state of uncertainty, reducing misunderstanding, effort and cost, increasing confidence, and achieving economic goals, concerned parties (understudy).	0.9	52.6	46.4	61.1	10	28.9	44.5	9	46.4

It is evident from the previous Table 2 that the difference of opinion has achieved relative importance in clarifying the extent to which the shadow economy is affected by tax accounting policies

Table 3
The statement of the impact that the application of policies and procedures used for tax accounting (independent variable) can have on the shadow economy (dependent variable)

	Tax examiner			Corporate managers			External auditor		
	Yes	No	somewhat	Yes	No	somewhat	Yes	No	somewhat
Application of Professional standards and the responsible person's commitment to these standards	79	0	21	6	73	20	3	56	40
Obtaining sufficient proof of quantity and diversity.	80	0	20	4	76	19	8	55	37
Providing safe and complete databases for donors.	79	0	21	4	76	20	6	58	36
Activate the relationship between the structure of the tax system and developments in information technology	71	2	27	45	30	25	43	9	47
Ambiguity and ill-formulation of some tax laws texts and conflicting interpretations.	1	52	46	62	14	24	41	9	49
Spreading the state's culture among officials, whether legislators or law enforcers	1	54	45	58	18	24	47	9	44
Implement clear regulations and policies	46	36	17	45	44	10	36	44	20

It is evident from the previous Table 3 that a large percentage of the sample of the inspection officers confirmed that the application of professional standards and the official's commitment to these standards, and that obtaining an adequate amount of evidence in terms of quantity and diversity - providing sound and complete databases for financiers, activating the relationship between the tax system structure and its IT developments. The most significant impact on the dependent variable is to reduce the state of uncertainty, reduce misunderstanding, effort, and cost, increase confidence, and achieve the economic goals of the concerned parties under study. While most of the sample of company managers see the ambiguity of some provisions of tax laws, their inadequate formulation, and their conflicting interpretations, they have the most significant impact on the exacerbation of the phenomenon of the shadow economy, and that spreading the state's culture among officials, whether legislators or law enforcers, implementing clear regulations and policies have the most significant impact on the dependent variable, reducing uncertainty. In addition, to reduce misunderstanding, effort, and cost, increase confidence, and achieve economic goals, concerned parties under study, a large sample of external auditors confirmed that the ambiguity of some provisions of tax laws, their inadequate formulation, and their conflicting interpretations have the most significant impact on the exacerbation of the phenomenon of the shadow economy, and that spreading the culture of the state among officials, whether legislators or law enforcement, works to activate the relationship between the structure of the tax system and developments in information technology, application of regulations. Moreover, clear policies that significantly impact the dependent variable, reduce uncertainty, reduce misunderstanding, effort, and cost, increase confidence, and achieve economic goals, the concerned parties under study.

3.3 First: using multiple regression analysis

Y: Reducing uncertainty, reducing misunderstanding, effort, and cost, increasing confidence, and achieving economic goals.

To find out the effect of the following independent variables

X1 Application of professional standards and responsible compliance with these standards
X2 To obtain sufficient evidence of quantity and diversity.
X3 Provides healthy and complete databases for funders.
X4 activating the relationship between the structure of the tax system and developments in information technology.
X5: Ambiguity, poorly formulated, and conflicting interpretations of some tax laws texts.
X6 Spreading the state's culture among officials, whether legislators or law enforcers.
X7 enforce clear regulations and policies**.**

Table 4 shows that there is a significant correlation between Emotional Intelligence and Reducing the state of uncertainty, reducing misunderstanding, effort and cost, increasing confidence, and achieving economic goals, concerned parties (understudy) at level of confidence 99% for External auditor group with correlation value between - .242, 0.819. And significant correlation at level of confidence 99% for corporate managers group accept X1 at 95% confidence with correlation value between .157, 0.774. also, significant correlation at level of confidence 99% for x5 and x6 in corporate managers group with correlation value between .782, 0.835.

Table 4
The correlation matrix between Independent variable and Dependent variable

y	Tax examiner	Corporate managers	External auditor
X1	-0.136[*]	0.157[*]	-0.304[**]
X2	-0.081	0.210[**]	-0.242[**]
X3	-0.096	0.256[**]	-0.245[**]
X4	0.061	0.630[**]	0.778[**]
X5	0.782[**]	0.774[**]	0.748[**]
X6	0.835[**]	0.756[**]	0.819[**]
X7	0.003	0.580[**]	0.692[**]

** Significant at level 1%   * Significant at level 5%

Table 5
The values of independent variables (Emotional Intelligence) coefficient and they have a real impact on the Reducing the state of uncertainty, reducing misunderstanding, effort and cost, increasing confidence, and achieving economic

group	Variable	B	Beta	t	R	R Square	Adjusted R Square	Durbin-Watson	F Test
Tax examiner	(Constant)	0.330		3.534	.871	0.759	0.756	1.200	217.481
	X6	0.544	0.550	10.432					
	X5	0.366	0.373	7.039					
	X2	-0.067	-0.105	-3.042					
Corporate managers	(Constant)	-0.510		-2.966	.842	0.708	0.703	1.400	125.044
	X6	0.354	0.334	5.599					
	X5	0.445	0.420	7.233					
	X2	0.260	0.135	3.560					
	X4	0.178	0.162	3.285					
External auditor	(Constant)	-0.112		-1.227	.881	0.776	0.772	1.250	178.620
	X6	0.334	0.334	5.598					
	X5	0.183	0.182	3.451					
	X4	0.279	0.278	5.256					
	X7	0.284	0.217	4.937					

From the above Table 5 it is clear that total correlation (R) for Tax examiner is equal to .871 and the correlation is very strong. The coefficient of determination adj (R square adj) is equal to 0.756, which indicates that the x2, x5, x6 in the model explain 75.6% of the changes in Reducing the state of uncertainty, reducing misunderstanding, effort and cost, increasing confidence, and achieving economic goals, concerned parties (understudy). In addition, the regression model is statistically significant at level of confidence 99% when the F calculated was 217.481 it's greater than F tabulated.

-Also, the table show that **Durbin-Watson coefficient** is 1.20 so there is no serial correlation between errors.
-A value of 2.0 indicates there is no autocorrelation detected in the sample. Values of 1.20 point to **positive autocorrelation**
-The table No 5 shows the values of independent variables (Emotional Intelligence) coefficient and we find that the model variables statistically significant at a confidence level 99% (T calculated between -3.042 , 10.432) which that greater than 2.58, then we reject the null hypothesis and accept the alternative hypothesis that the dimension of independent variables (x2, x5, x6) have real value coefficients are different from zero and they have a real impact on the Reducing the state of uncertainty, reducing misunderstanding, effort and cost, increasing confidence, and achieving economic goals, concerned parties (understudy).

From the above table it is clear that total correlation (R) for corporate managers is equal to .842) and is considered very strong. The coefficient of determination adj (R square adj) is equal to 0.703), which indicates that the x2, x4, x5, x6 in the model explain (70.3%) of any change in the Reducing the state of uncertainty, reducing misunderstanding, effort and cost, increasing confidence, and achieving economic goals, concerned parties (understudy). In addition, the regression model statistically significant at level of confidence 99% when the F calculated was 125.044 it is greater than F tabulated Also, the table show that Durbin-Watson coefficient is 1.40 so there's no serial correlation between errors.

A value of 2.0 indicates there is no autocorrelation detected in the sample. Values of 1.40 point to **positive autocorrelation** The table No 5 shows the values of independent variables (Emotional Intelligence) coefficient and we find that the model variables statistically significant at a confidence level 99% (T calculated between 3.285 , 7.233) which that greater than 2.58, then we reject the null hypothesis and accept the alternative hypothesis that the dimension of independent variables (x2, x4, x5, x6) have real value coefficients are different from zero and they have a real impact on the Reducing the state of uncertainty, reducing misunderstanding, effort and cost, increasing confidence, and achieving economic goals, concerned parties (understudy).

From the above table it is clear that total correlation (R) for External auditor group is equal to .881 which is very strong. The coefficient of determination adj (R square adj) is equal to (0.772), and this indicates that the x4, x5, x6, x7 in

the model explain (77.2%) of any change in the Reducing the state of uncertainty, reducing misunderstanding, effort and cost, increasing confidence, and achieving economic goals, concerned parties (understudy). In addition, the regression model statistically significant at level of confidence 99% when the F calculated was 178.620 it's greater than F tabulated.

Also, the table show that Durbin-Watson coefficient is 1.25 so there is no serial correlation between errors.

A value of 2.0 indicates there is no autocorrelation detected in the sample. Value of 1.25 points to **positive autocorrelation** The table No 5 shows the values of independent variables (Emotional Intelligence) coefficient and we find that the model variables statistically significant at a confidence level 99% (T calculated between 3.451 and 5.598) which is greater than 2.58, and we reject the null hypothesis and accept the alternative hypothesis that the dimension of independent variables (x4, x5, x6, x7) have real value coefficients are different from zero and they have a real impact on the Reducing the state of uncertainty, reducing misunderstanding, effort and cost, increasing confidence, and achieving economic goals, concerned parties (understudy).

Table 6
Kruskal Wallis Test regarded to three group

Variable	Tax examiner	Corporate managers	External auditor	Chi Test	P-value
X1	188.57	355.74	406.69	188.175	0.000
X2	189.83	365.20	395.97	179.320	0.000
X3	190.12	364.66	396.23	179.172	0.000
X4	270.40	321.70	358.90	30.665	0.000
X5	394.47	232.04	324.49	95.372	0.000
X6	398.57	244.68	307.75	85.571	0.000
X7	309.19	299.67	342.14	7.400	0.025
y	393.97	245.04	312.00	80.271	0.000

Table 6 shows Kruskal Wallis Test between three groups for all variable, it is clear that there is a significant difference at confidence level 99% accept x7 at 95%. From p-value there is a statistically significant difference between our group means. We can see that the significance value (i.e., $p = . 0.025$), which is below 0.05.

Field research results

Evidence of the imposition's morale affects the procedures and policies of tax accounting (as an independent variable) on the shadow economy (as a dependent variable).

 -The correlation is positive between hidden income - the shadow economy - and the tax gap.

4. Conclusion, findings, and recommendations

4.1 Conclusion

The burden of burdensome regulations, regulations and legislation and the abundance of tax regulations explaining the law to all activities and their contradictions, and then taking advantage of legal loopholes and failure to respect tax legislation corrupt, represent a strong incentive to hide many commercial activities from the government's eyes, thus avoiding paying taxes and engaging in the underground economy, and more The crisis of people's confidence in the government, and thus further erosion of public revenues

-A policy of deep cuts in tax rates or an increase in the number of regulations will not shrink the shadow economy. Instead, governments should strengthen the rule of law enforcement and simplify access to the formal economy.
-The importance of strict implementation of the minimum necessary regulations, rather than an increase in the set of regulatory requirements in limiting the shadow economy's activity.

4.2 Findings

Limiting the government's ability to provide public services due to a violation of tax evasion.
-The decline in the value of the national currency, the discouragement of the commercial sector, and the service sector's disruption.
-It puts supply and demand balance movements in an acute crisis position since the hidden market price does not consider the cost, including the tax.
-Increasing the government's response to taxes on obligated activities.
- The absence of standards in the products offered by illegal institutions

- This has led some to assume that an inverse relationship between the formal economy and the shadow economy, as the hidden economy grows when the formal economy is in a state of depression vice versa.

-The existence of markets with unregulated and unequal competition, and the exit of companies that respect the law from the game due to high taxes, which means they lack an organized productive sector in some countries, or its ineffectiveness, thus impeding further economic recovery.

- The entry of products at low prices - because they are not subject to taxes - thus losing the balance in the market between the law-abiding and non-compliant companies.

- Non-compliance with tax leads to the transfer honest financiers to dishonest evaders and tax obligations from current generations to future generations.

-The hidden economy is far from all support and control, reflects the real price value, causing a kind of instability in the formal economy.

4.3 Recommendations

-Incomplete tax information results in improper policies and may lead to overly extensive measures or vice versa.
- The natural consequence of incorrect tax data and inappropriate tax policies are harmful economic effects, and thus the implications of the approach adopted will be less than what is required.

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