Assessment of the Impact of Tax Evasion on the Algerian National Economy
An Analytical Study with Reference to the Case of the Wilaya of Tamanrasset(2022-2010)

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Abstract: This study aimed to assess the impact of the phenomenon of tax evasion on the Algerian national economy during the period 2010-2022, with an analytical reference to the case of the Wilaya of Tamanrasset. It stemmed from the importance of taxes as a primary source of funding and the challenge posed by evasion, which undermines their role. The study reviewed the concepts of evasion and its causes (legislative, administrative, political, psychological, economic) and methods of practice (accounting, physical, legal), as well as its negative effects (financial, economic, social). The study relied on national quantitative data (2010-2022) regarding revenues, the size of the informal economy, and estimated evasion, and local data for the Wilaya of Tamanrasset (2012-2021) on the results of tax investigations. The national results showed a large and increasing volume of tax evasion and very high percentages compared to revenues, while the Tamanrasset data reflected local control efforts in detecting a portion of the violations.

Keywords: Tax Evasion, Tax Revenues, Informal Economy, Combating Tax Evasion
JEL Classification Codes : H26; R11; E26.

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1. Introduction

Taxes represent the main source of public revenue in any country, playing a fundamental role in supporting and stimulating the national economy. They serve a financing role for the public treasury, and therefore, governments in developed and developing countries alike strive to increase these revenues to fund their public expenditures and provide more services. Algeria, in turn, relies on taxation to finance its expenditures and considers it an effective means to intervene in economic and social life. Therefore, the sustainability of the state's reliance on taxation and its continuity depends on the extent of taxpayers' responsiveness and compliance or their evasion. Although the phenomenon of tax evasion is old, it has spread and its forms have multiplied over time, both in terms of the means and methods adopted, reaching dangerous dimensions in recent times. It is not limited to a specific geographical area or a specific time period but has become a global phenomenon associated with taxes wherever they exist. Algeria, like other countries, has witnessed a wide and significant spread of this phenomenon due to several contributing factors. Given the importance of the topic and its numerous dimensions, opinions have differed in identifying the causes of tax evasion. Some attribute it to loopholes in economic legislation that the taxpayer exploits for their private benefit, making it impossible to impose any penalty. Others attribute it to the weakness of the tax administration and poor management within it. The third opinion takes a psychological view of tax evasion, relating it to the taxpayer's bad faith, hence their evasion of tax. It was therefore the state's duty, to achieve its financial policy, to intervene in an attempt to eliminate or at least reduce this phenomenon by analyzing it and trying to propose some solutions to combat it and limit its effects and curb its spread.

2. Tax Evasion

The definitions of the concept of tax evasion vary according to the different and multiple objectives related to taxation, which is the subject of tax evasion. We find that the definitions related to tax evasion differ between the legal, economic, and financial fields. While all these definitions agree on the final result of evasion, which is the total or partial avoidance of tax, each of the previous fields views tax evasion from a specific perspective.

2.1. Definition of Tax Evasion:

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Definition 01: Tax evasion is when the taxpayer gets rid of their tax burden, wholly or partially, without transferring the burden to others, using legitimate or illegitimate methods that ultimately lead to depriving the public treasury of its revenues (Batata, 2012).

Definition 02: Tax evasion is a person's attempt not to pay the tax due on them, wholly or partially, by following methods contrary to the law (Al-Sheikh&Mohieddin, 1998.(

Definition 03: Tax evasion is the legal taxpayer's avoidance of the tax burden without transferring the burden to others (Laila, 2016).

It seems that no matter how numerous the definitions regarding the nature of tax evasion, they all agree that the phenomenon means "violating the rules and laws regulating taxation byusing methods and techniques of fraud and deception to get rid of its burden, wholly or partially".

Hence, we find that tax evasion is intertwined with other concepts such as:

Tax Avoidance (la soustraction de l'impôt): This means being able to avoid paying tax legally or illegally.

Tax Planning (l'évitement de l'impôt): This means the taxpayer being able to avoid paying tax without committing a legal violation of tax legislation by benefiting from evasion organized by law, such as the benefit enjoyed by prisoners or certain economic sectors to encourage investment in specific activities and areas. Tax planning also seems to involve evasion by exploiting legal loopholes, such as evading progressive income tax up to a certain limit by fragmenting a large company into smaller independent companies, for example.

Tax Fraud (la fraude fiscal): This means evading tax payment through direct violation of legal rules related to tax collection methods. It also means deliberately making incorrect declarations about activities and income subject to taxation.

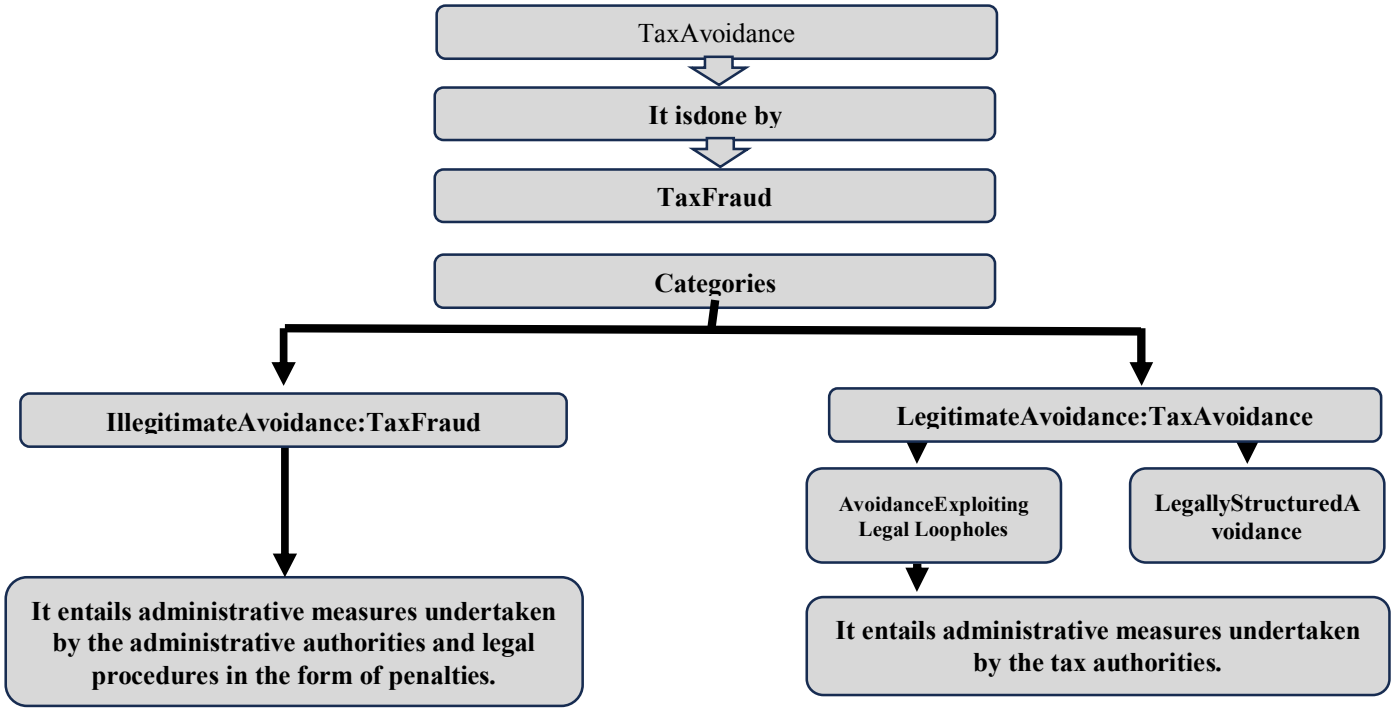
All the aforementioned terms fall under the umbrella of tax evasion. However, it can be said that tax avoidance occurs through tax evasion, which is divided into:

Legitimate Evasion: This is represented by avoiding tax through evasion organized by law or by benefiting from legal loopholes.

Illegitimate Evasion: This is through tax fraud.

This can be illustrated by the following figure:

Diagram 01. illustrating the types of tax avoidance and evasion



Source: Prepared by the researcher based on previous studies

2.2. Causes of Tax Evasion

The causes of tax evasion are multiple, some of which are direct or indirect, and some relate to the individual or the administration. They can be listed as follows:

2.2.1. Direct Causes:There are many direct causes, including:

Legislative Causes:

- **Heavy Tax Burden:**This constitutes a primary justification for tax evasion.
- **Complexity of the Tax System:**A tax that requires numerous and complex procedures, whether during assessment or collection, pushes taxpayers towards evasion. Evasion is a quick result of a bad tax (Brochier&Tabatoni, 1963).
- **Penalty Imposed on the Evader:**The size of the penalty imposed by the state on the tax evader affects tax evasion. If the value of the penalty is less than the amount that accrues to the taxpayer or is non-existent, tax evasion increases in this case.
- **Stability of Tax Legislation:**Permanent changes in tax legislation lead to ambiguity in the tax system due to the multiplicity of laws, and also lead to a lack of taxpayer confidence in the tax system, thus increasing their tendency to evade tax.
- **Weak Tax Control:**When the taxpayer feels that tax control is weak or absent, their tendency to evade increases.

Administrative Causes: Administrative procedures are complex routine procedures that create aversion towards taxes and the agencies and administrative personnel representing them. The tax administration must use all necessary measures to avoid this. These procedures include:

- Difficulty in estimating the tax base.
- Inequality in applying procedures.
- Complexity of tax collection procedures.
- Weak tax awareness (Linda, 2014).

2.2.2. Indirect Causes:

Political Causes: The state's public spending policy plays an important role in tax evasion. If taxpayers feel that the state has spent the tax revenues collected from them in ways that do not benefit them or the community, their tax awareness decreases, and their resistance to taxes increases. Therefore, they will try hard by all means to evade paying these taxes because they feel they are being wasted. Or they may feel there is no tax justice in the distribution of national income or in the distribution of social services provided by the government and the public sector. In this case, tax evasion increases.

Psychological Causes: Deep-seated psychological beliefs in the minds of taxpayers play an important role in tax evasion. Among these beliefs are the following:

- The taxpayer's belief that tax is a financial deduction without compensation.
- The belief that tax evasion is not considered a wrongful act as long as the state is a legal entity.
- The prevalent belief that tax is a financial penalty paid to the tax administration for engaging in a particular activity.

Economic Causes:

- **The Taxpayer's Economic Situation:**The taxpayer's financial situation affects evasion and its scope. The taxpayer's tendency towards tax evasion increases as the tax burden on them increases and their financial position deteriorates (Murad, 2004). The economic and financial difficulties experienced by the taxpayer are often behind their attempts at tax evasion and

fraud. This tendency increases when their income is low. Therefore, tax should affect income allocated for non-essential uses to be acceptable. This is because a taxpayer experiencing poor economic or financial conditions, especially in small businesses, will be forced to conceal what is due to preserve their business in the face of a heavy tax burden, especially during periods of economic recession and crises affecting economic projects. What can be concluded is that when income decreases, tax becomes a heavy burden on the taxpayer, and they avoid paying it. However, in times of economic prosperity, when income increases, the taxpayer may fulfill their obligations towards the treasury to appear as a good citizen.

- **General Economic Situation:**Frequent economic fluctuations and rising prices, low national economic growth rates, and the lack of good investment opportunities, coupled with the citizen's desire to increase their disposable income by refraining from all or some of the tax due on them, are considered contributing factors to evasion. Therefore, continuous and unjustified changes in investment policies and procedures and their complexity are facilitating factors for evasion, because economic stability is an important factor for citizens to engage in economic activity and one of the important incentives that make a citizen declare their real income and pay the tax due on them. During periods of economic boom, the purchasing power of individuals increases, and the final consumer bears the taxes collected from them by the taxpayer responsible for paying them to the treasury, which leads to a decrease in tax evasion. However, during periods of economic recession, the parallel market spreads, leading to imbalances in the structure of the national economy

1.3. Methods and Techniques of Tax Evasion

It is not possible to enumerate all methods of tax evasion because evasion is linked to the ingenuity and creativity of taxpayers in getting rid of the tax burden by following various methods. Some rely on manipulation through accounting operations, which involves inflating expenses on the one hand and reducing revenues on the other, as well as evasion through physical and legal means.

2.3.1. Evasion through Accounting Transactions: There are multiple methods of evasion, ranging from trivial reduction of sales or import amounts without declaration to neglecting to record revenues in accounting, passing through inflating deductible expenses.

Reducing Revenues: This is the best and most widely used method by which the taxpayer relies on reducing the tax base and completely avoiding payment. This reduction is manifested in selling without invoices, i.e., selling for cash without leaving a trace of the transaction. This method allows them to conceal a large part of the turnover, and also to record the value of transactions at less than their real value after agreeing with the customer.

Reducing Costs: The taxpayer has the right to deduct certain costs and expenses from taxable profit according to the following conditions:

- They must be in the interest of the company's activity.
- They must be directly related to the company's activity.
- They must be related to actual expenses supported by justifications and official documents.
- They must be within the ceiling specified by law.

This permission makes the taxpayer rush to increase the percentage of costs and expenses and always try to inflate their expenses by all means and methods to reduce taxable income and thus evade taxes.

2.3.2. Evasion through Physical and Legal Operations: This type of evasion relies on carrying out fictitious operations to obtain accounting without invoices. The taxpayer also engages in several activities without the knowledge of the tax administration by concealing part of the goods to be sold in the market or what is known as the parallel market.

Evasion through Physical Operations: This refers to creating a legal situation that appears to contradict the real situation, which involves concealing goods or raw materials that are actually subject to tax, whether it is partial or total concealment.

- **Partial Concealment:** This involves concealing a part of their property or a part of the inventory that is actually subject to tax to be sold later in the black market.
- **Total Concealment :**Business owners establish small factories in rural areas to make them difficult to access, and thus the production obtained from them is sold without invoices in the underground economy away from any control, thus depriving the state treasury of financial revenues to finance its projects.

2.3.2. Evasion through Manipulation of Legal Status Classification:

- Classifying taxable sales as exempt sales.
- The company distributing its profits to shareholders as salaries and wages to reduce the tax rate when it comes to salaries and wages.

3. Effects of Tax Evasion

Tax evasion harms the public treasury and taxpayers alike financially. Regarding the public treasury, tax evasion leads to a decrease in tax revenue, thus preventing the state from fully carrying out its public services. Regarding taxpayers, tax evasion undermines tax justice as some taxpayers pay tax while others evade it partially or wholly (Khasawneh, 2010).

Based on the above, we can classify the effects of tax evasion into financial, economic, and social.

3.1.Financial Effects

Tax evasion prevents taxes from achieving their intended goals. They finance the public treasury with what is necessary to cover public expenditures by meeting tax revenues with the volume of spending. An imbalance between revenues and expenditures leads to significant financial losses for the treasury. Tax evasion also leads to a reduction in national income, which in turn reduces individual income levels. It also results in a weakening of the national currency value by concealing undeclared funds, which cause monetary inflation.

3.2. Economic Effects

Taxation plays an important economic role as a regulator and an instrument of state economic intervention. Therefore, evasion has negative repercussions on the state's economy from several aspects, including:

3.2.1. Impact on Competition: Considering the high taxes on companies and traders, companies that avoid tax are always in a better economic position compared to those that evade tax. Consequently, these companies can impose their competitive prices. A good example is the situation of national companies that can compete with some private sector companies. Tax evasion contributes to undermining fair competition rules and hinders economic growth (Mostafa&Nasser, 2001)

Hindering Economic Growth: Since tax evasion is one of the most difficult problems facing the Algerian state, contributing to its economic delay and hindrance due to the financial resources lost, it can thus form public savings and consequently limit its ability to undertake economic projects. This results in economic stagnation characterized by high inflation and unemployment rates (Laila, 2016).

Redirecting Economic Activity: Tax evasion contributes to the redirection of economic activities, where the main concern of taxpayers becomes directing their economic activities more according to tax considerations rather than economic considerations. This is observed in Algeria, where economic activities are directed towards sectors more susceptible to evasion and tax fraud without being directed towards activities that create wealth and contribute to value creation. An example is company managers sometimes choosing to abandon their employee status because the salary they receive is subject to income tax (Mostafa&Nasser, 2001)

Emergence of Capital Crisis: The taxpayer conceals their real profits and does not declare them to the tax administration, which leads to a decrease in state revenues in the field of public spending and results in financial crises. Consequently, the state resorts to adopting a policy of issuing currency and borrowing from abroad, falling into debt and economic dependency (Ibrahim, 2015).

3.2.2. Social Effects: Since tax resources are a right of society, it is impossible to waive them, and they must be deposited in the public treasury. Taxpayers' refraining from paying them, either partially or wholly, leads to social effects that can be mentioned in the following points:

- Evasion begets more evasion.
- Decline in honesty in economic transactions.
- Consolidating and deepening social disparities.
- Spread of tax non-citizenship in society.

4. Public Revenues

4.1. Definition of Public Revenues

There are several definitions of the state's public revenues, including:

State Public Revenues : They are the total funds obtained by the government, whether in its sovereign capacity, its activities, its own properties, or from external sources, whether domestic or foreign loans, or inflationary sources, to cover public expenditures during a specific period, in order to achieve a number of economic, social, and financial objectives (Dawiya et al., 2011).

Public revenues as a financial instrument mean: The total income obtained by the state from different sources to cover public expenditures and achieve economic and social balance (Abbas, 2003).

4.2. Sources of Public Revenues

Since the state seeks to diversify its public revenues to cover as much public expenditure as possible, the most important revenues that the state relies on to cover its increasing expenditures from year to year are taxes, state property revenues, tolls and fines, and extraordinary revenues, which are loans and currency issuance (Dardouri, n.d.).

The most important revenues that the state relies on and the main divisions of public revenues are:

4.2.1. Ordinary Revenues : These are revenues that the state obtains annually on a regular basis, such as private revenues, fees, and periodic revenues. The revenue may be due to the

nature of revenues from public properties and projects or to legislative texts on taxes and fees (Abbas, n.d.).

This type is one of the most recent types of private domain to appear, and its importance has increased in the present time. This development can be attributed to the state's desire to oversee the private sector and control some projects of public benefit, with the aim of directing their returns to achieve the public interest.

Some have divided ordinary revenues into economic revenues and sovereign revenues.

4.2.2. Economic Revenues : These are revenues obtained by the government in its capacity as a legal entity that owns wealth and provides services, and include rent or sale of government real estate and profits from economic projects owned by the state.

- **Public Domain:** This is everything allocated for public use for anyone who wishes to benefit from it, provided they adhere to the restrictions imposed by the public authority for this benefit. The state does not intend to make a profit from exploiting the public domain.
- **Private Domain:** These are properties prepared for economic exploitation with the aim of achieving profit and can be divided according to the type of assets they consist of into three types:
  - ✓ **Real Estate Domain** :This consists of agricultural lands and forests and is one of the most important types of private domain, also known as the traditional domain. The income from this type of domain comes from the price of selling products or from the rent paid by tenants.
  - ✓ **Industrial and Commercial Domain** :This domain consists of industrial and commercial projects owned by the state that are part of public projects of a commercial and industrial nature.
  - ✓ **Financial Domain:**The financial domain refers to the state's portfolio of securities such as shares and bonds owned by it, from which it obtains profits that are included in the state's revenues from its properties.

4.2.3. Sovereign Revenues : Sovereign revenues are those that the state obtains from individuals coercively, relying on the element of compulsion due to its authority over individuals and its right of sovereignty. The most important of these revenues are taxes and fees.

- **Taxes** :Tax is a sum of money imposed by the state and collected from taxpayers coercively and finally without consideration to cover public expenditures (Awadallah, 2011). To cover public expenditures or for state intervention, taxes are divided into direct and indirect taxes.
- **Fees** :Fees are considered a source of public revenue for the state with special importance and are characterized by being a financial resource that enters the treasury periodically and regularly (Abbas, n.d.). The public authorities then use them to finance public expenditures and achieve benefits.
- **Fines** :These are monetary penalties imposed on violating individuals as a punishment for them. The purpose of applying fines is to enforce the rule of law.
- **Tolls** :These are financial deductions imposed by the state on some members of society who will benefit from certain public activities and projects (Al-Wadi&Gharram, 2015).

4.2.4. Extraordinary Revenues : The state resorts to these in exceptional circumstances, meaning they are not characterized by periodicity, repetition, and regularity in the general budget. They include domestic and foreign public loans and new currency issuance, and they are a tool to cover extraordinary or capital expenditures.

- **Public Loans** :Public loans are considered a source of public revenue for the state and are credit revenues. The state needs to cover its increasing expenditures after having exhausted all its ordinary revenues, so it resorts to borrowing the amounts it needs to supplement its ordinary revenues.
- **Currency Issuance** :Currency issuance involves creating an additional quantity of paper money that the state uses to finance its public expenditures. In this regard, the state relies on its authority to oversee and direct the monetary system and determine the rules by which it operates, along with determining the quantities of money that can be issued.
- **Petroleum Taxation:**Petroleum taxation is one of the most important sources of public revenue because it contributes more than 50% of public revenues. This is due to the dominance of the hydrocarbon sector over other sectors of the Algerian economy and is defined as follows:
  - ✓ Petroleum taxes are paid on the basis that they are in return for a license from the state to exploit the subsoil, which is owned by the state.
  - ✓ Petroleum taxes can be adapted on the basis that they are in return for a license from the state to exploit the subsoil.

Petroleum taxation is concentrated on two types of taxes according to the stages of the oil project:

- ✓ Taxes imposed during the exploration and prospecting stage, which are entry fee tax and rental fee tax.
- ✓ Taxes imposed during the exploitation stage, which are entry fee tax into production, rental fee tax during the exploitation stage, royalty, and income tax.

5. Analysis of Tax Evasion and Formal Economy Indicators in Algeria

This section will focus on providing an analytical overview of the evolution of public and tax revenues, the size of the informal economy, and estimates of tax evasion in Algeria during the critical period from 2010 to 2022. This table allows us to measure the magnitude of the challenge posed by the phenomenon of tax evasion and its resulting financial and economic impact during these years, which witnessed various economic and structural fluctuations in Algeria.

Table 01. Size of Public and Tax Revenues and the Size of Tax Evasion in Algeria during the Period 2010-2022 (Unit: Billion DZD)

Evasion Percentage to Tax Revenues (3(2)/(	Evasion Percentage to Public Revenues (3(1)/(	Size of Tax Evasion(3)	AverageTax Rate	Size of Informal (Parallel) Economy	Gross Domestic Product (GDP)	Public Revenues(1)	Tax Revenues (2)	Year
%53.53	%10.58	385.45	%30	1284.85	8191.7	3639.8	720.88	2010
%115.27	%23.96	883.86	%30	2946.22	9178.6	3687.8	766.75	2011
%140.65	%26.56	1357.68	%30	4525.60	10909.6	5111	965.28	2012
%111.86	%34.89	1282.61	%30	4275.37	9884.2	3676	1146.61	2013
%140.72	%41.58	1826.58	%30	6088.63	11985.5	4392.9	1298	2014
%167.62	%44.20	2559.75	%30	8532.52	14461.9	5790.1	1527.1	2015
%109.14	%32.86	2083.17	%30	6943.91	16040.7	6339.3	1908.6	2016
%159.18	%56.34	3233.03	%30	10776.77	16349.8	5940.9	2031	2017

%170.00	%61.95	3555.33	%30	11851.13	16867.5	5738.4	2091.45	2018
%146.12	%67.42	3440.77	%30	11469.25	16315	5103.1	2354.7	2019
%147.39	%71.59	3658.69	%30	12195.65	17289.2	5110.1	2482.2	2020
%152.27	%66.22	4004.93	%30	13349.79	18333.1	6047.9	2630	2021
%169.19	%66.37	4481.12	%30	14937.07	19775.4	6751.4	2648.5	2022

***Source**:* National Office of Statistics, Annual Reports of the Bank of Algeria

Looking at the data in the table above, we observe a clear fluctuation in both public and tax revenues over the studied period, although there is a general trend towards a nominal increase in most years. For example, tax revenues increased from approximately 720.88 billion DZD in 2010 to about 2648.5 billion DZD in 2022. This increase may be partly attributed to the growth in nominal GDP, which also witnessed a significant increase from 8191.7 billion DZD to 19775.4 billion DZD during the same period, in addition to potential efforts to improve tax collection or changes in tax policies. However, the fluctuation in public revenues indicates their continued susceptibility to other factors, perhaps most notably oil revenues, which were not specifically detailed in this study but constitute a fundamental part of the state's public revenues.

The table clearly shows the size of the informal (parallel) economy and its worrying development during the period. The size of this economy has multiplied several times, increasing from approximately 1284.85 billion DZD in 2010 to levels exceeding 14937.07 billion DZD in 2022. This expansion in informal economic activity represents fertile ground for tax evasion, and the figures confirm a strong relationship between the size of this economy and the estimated size of tax evasion.

The estimates of the size of tax evasion and the associated figures are among the most striking aspects of this data. Assuming a constant average tax rate of 30% (a simplification that may require more detail in a deeper study that considers the actual structure of the tax system and the distribution of economic activities), the figures show a huge increase in the estimated size of tax evasion, jumping from approximately 385.45 billion DZD in 2010 to nearly 4481.12 billion DZD in 2022. These figures reflect a huge loss to the public treasury and wasted development potential.

For a deeper understanding of the impact of tax evasion, the percentages of evasion compared to public and tax revenues provide extremely important indicators. The percentage of evasion to tax revenues reached very high levels, exceeding 50% in most years and surpassing 70% in other years such as 2020, meaning that more than two-thirds of the revenues that were supposed to be collected were evaded in those years. Even the percentage of evasion to public revenues, which includes other revenues in addition to taxation, such as oil revenues, was remarkably high, exceeding 100% in several years, indicating that the amount of evaded funds sometimes exceeds the total public revenues achieved. These high percentages highlight the enormous magnitude of the problem and its overwhelming impact on the state's ability to mobilize financial resources.

The data confirms that tax evasion constitutes a serious economic challenge in Algeria. The increasing size of the informal economy and the high estimates of tax evasion indicate a weakness in tax compliance mechanisms and perhaps a deficiency in monitoring and collection methods, or complexities in the tax system itself, as well as other factors that may relate to tax awareness or governance. The continuation of this situation threatens to undermine economic

development efforts, weakens the state's ability to provide basic services, and increases social disparities due to the unfair distribution of tax burdens. Therefore, addressing this phenomenon requires a comprehensive and integrated strategy that targets its various causes and works to enhance voluntary compliance, develop tax administration, and perhaps integrate part of the informal economy into the formal sector.

The data in Table (02) complements the picture we began to draw about the phenomenon of tax evasion in Algeria, by providing a more precise focus on the level of the Wilaya of Tamanrasset during the period from 2012 to 2021. These figures, issued by the Tax Investigation Office at the Sub-Directorate of Tax Control at the Wilaya Directorate in Tamanrasset, provide an important indicator of the local tax administration's efforts to combat tax evasion and the volume of violations detected through accounting review and investigation operations.

Table 02. Results of Accounting Investigations during the Period 2012-2021 for the Wilaya of Tamanrasset

Investigation Results (DZD)	Number of Audited Files	Year
85205603	16	2012
110130741	23	2013
156456467	22	2014
189924962	20	2015
59981142	18	2016
212134880	23	2017
184167534	15	2018
271029143	21	2019
178046740	16	2020
594420690	34	2021

Source: Tax Investigation Office at the Sub-Directorate of Tax Control, Wilaya Directorate of Tamanrasset.

The table above shows the evolution in the number of files subjected to control and investigation in Tamanrasset over the years. The number started at 16 files in 2012 and fluctuated during the period, reaching its peak at 34 files in 2021. This change in the number of audited files may reflect several factors, including the development of human and material capabilities of the local tax administration, or targeting specific sectors based on tax risk analysis, or even responding to central instructions and directives to increase the pace of control.

As for the financial results of these investigations, expressed in millions of dinars, they represent the value of tax differences or amounts due that were found to have been undeclared or evaded based on the in-depth accounting review of those selected files. These results show variation from year to year. In 2012, the investigation results amounted to approximately 85.2 million DZD, and witnessed significant increases in later years, reaching nearly 594.4 million DZD in 2021. This large increase in investigation results during some years, especially at the end of the period, may not necessarily mean a sudden increase in the total volume of tax evasion, but may more strongly indicate greater effectiveness of the review operations carried out, or perhaps targeting files and operations involving larger potential tax amounts.

6. Conclusion

The conclusion has to contain a remind of the research aim, summary of the contents of the research, with reference to the main findings, and make suggestions and recommendations related to the subject. Furthermore, you need to provide the acknowledgement of your research limitations honestly, by giving a self-evaluation and highlighting the most important research gaps.

The results of this study definitively confirm that tax evasion constitutes one of the most prominent structural obstacles facing the Algerian national economy, negatively affecting the achievement of financial stability and sustainable economic development. The quantitative analysis of national data during the period 2010-2022 showed that the estimated volume of tax evasion reached extremely worrying levels, significantly exceeding collected tax revenues in many years, with the percentage of evasion to tax revenues reaching over 70% in some years such as 2020. This massive depletion of financial resources deprives the public treasury of huge sums that could have been invested in vital development projects and improving the quality of basic services for citizens, such as health, education, and infrastructure.

The spread of the phenomenon of tax evasion, which is closely linked to the expansion of the informal economy, exceeding 14 trillion DZD in 2022, leads to deep distortions in the rules of fair competition among economic operators, as evaders gain an illegitimate advantage over tax-compliant entities. This situation weakens the ability of the formal sector to grow and prosper, hinders the creation of decent job opportunities, and increases the complexity of the economic landscape as a whole. Tax evasion also undermines trust between the citizen and the state and contributes to exacerbating social disparities due to the unfair distribution of tax burdens.

While the data from the Wilaya of Tamanrasset, as a model for areas with specific economic characteristics, highlights the importance of the vital role played by local tax control agencies in detecting a portion of violations and collecting some dues, the amount discovered through accounting investigations (which amounted to approximately 594.4 million DZD in 2021) remains modest compared to national estimates of the volume of evasion, confirming that control efforts alone are insufficient and require continuous strengthening and development of methods.

Based on the above, effective and comprehensive action against the phenomenon of tax evasion in Algeria requires adopting an integrated and multi-dimensional strategy. We recommend the following:

- **Legislative and Procedural Reform:**Simplifying and clarifying tax laws and procedures to reduce complexity and loopholes that can be exploited for evasion.
- **Modernizing Tax Administration:**Comprehensive digitalization of declaration, collection, and control processes to increase efficiency and reduce opportunities for manipulation.
- **Strengthening Tax Control:**Developing the capabilities of employees, using modern technologies in data analysis and risk targeting, and increasing the number of review and investigation operations with a focus on sectors and activities most susceptible to evasion.
- **Integrating the Informal Economy:**Establishing mechanisms and incentives to integrate informal economic activities into the formal sector to expand the tax base.

- **Awareness and Incentives:**Launching awareness campaigns on the importance of taxation and its role in development, enhancing trust between the taxpayer and the tax administration, and perhaps studying mechanisms to incentivize voluntary compliance.
- **Applying Penalties:**Activating and applying deterrent and uncompromising penalties against evaders to ensure the principle of justice and deter potential violators.

Success in implementing these recommendations will significantly contribute to reducing the volume of tax evasion, increasing tax revenues, strengthening the state's ability to finance development, achieving a more just and transparent economic environment, and putting the Algerian economy on the path of sustainable growth.

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