

Tax Penalties As A Repressive Mechanism To Combat Tax Evasion

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Abstract:

The Algerian legislator has introduced a range of tax-related legal measures aimed at limiting tax evasion. These include preventive mechanisms such as simplifying tax legislation, modernizing tax, and promoting taxpayer awareness, alongside supervisory mechanisms based on examining and verifying tax declarations, which may result in tax and professional penalties to ensure compliance. This framework has been further strengthened through international agreements on combating tax evasion.

The study highlights the competent authorities and the tools adopted while promoting tax culture. It concludes that combating tax evasion goes beyond detecting violations and recovering dues to also include the imposition of tax and professional penalties.

Keywords: Tax; Taxation; Taxpayer; Tax Evasion; Tax Penalty.

الملخص:

اعتمد المشرع الجزائري مجموعة من التدابير القانونية ذات الطابع الجبائي بهدف الحد من ظاهرة التهرب الضريبي، وتشمل هذه التدابير آليات وقائية كتبسيط التشريع الجبائي، وعصرنة الإدارة الضريبية، وتعزيز وعي المكلفين، إلى جانب آليات رقابية تقوم على فحص التصريحات الجبائية والتحقق منها، بما قد يؤدي إلى فرض جزاءات جبائية ومهنية لضمان الامتثال للالتزامات الضريبية. وقد تعزز هذا الإطار كذلك من خلال إبرام اتفاقيات دولية لمكافحة التهرب الضريبي.

وتبرز الدراسة الجهات المختصة والوسائل المعتمدة مع السعي إلى ترسيخ الثقافة الجبائية، لتخلص إلى أن مكافحة التهرب الضريبي لا تقتصر على كشف المخالفات واسترداد المستحقات، بل تمتد إلى توقيع جزاءات جبائية ومهنية.

الكلمات المفتاحية: الضريبة؛ النظام الضريبي؛ المكلف بالضريبة؛ التهرب الضريبي؛ الجزاء الضريبي.

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I. INTRODUCTION

Tax evasion has now become a tangible reality affecting countries worldwide, as taxpayers resort to technical, legal, and administrative fraudulent methods with the aim of avoiding payment. The existence of this phenomenon is attributable to causes inherent in tax legislation itself, particularly its instability and the legal loopholes it contains, as well as the lack of tax awareness among taxpayers, among other factors that contribute to tax evasion. Given its growing magnitude and far-reaching adverse effects, tax evasion currently poses a significant threat, especially due to its negative impact on the public treasury. This has prompted Algeria to focus its efforts on identifying practical means to address and combat the phenomenon, or at least mitigate its severity at all levels legislative, administrative, and taxpayer-related while also strengthening cooperation with other administrations and entities.

Where the tax administration fails to counter taxpayers' evasion through preventive measures and tax audits, the legislator has granted it additional tools considered exceptional in nature, namely punitive or repressive administrative mechanisms used to combat tax evasion. These mechanisms take the form of tax penalties, including surcharges and fines provided for under various tax laws, imposed on offenders irrespective of the principal tax due. Such penalties vary in substance and severity from one legislative text to another.

In light of the foregoing, the following research question arises:
To what extent do tax penalties serve as an effective legal instrument for deterring tax evasion under Algerian law?

The objectives of this research paper are as follows:

- To examine the effectiveness of tax penalties in reducing the phenomenon of tax evasion in Algeria.
- To highlight the bodies responsible for combating tax evasion and the principal tools and procedures adopted by the Algerian tax administration.

In order to address this issue, an analytical methodological approach has been adopted, relying on the examination and analysis of the legal texts relevant to the subject matter.

Accordingly, this research paper is structured into two main sections. Tax law provides for financial penalties of an administrative nature imposed directly by the administration to combat tax evasion. These penalties may take the form of additional surcharges payable alongside the principal tax due (Section One), or administrative monetary fines provided for under various tax statutes (Section Two).

1. Tax Surcharges

Tax surcharges differ from late-payment interest in that they are imposed independently of other penalties, the purpose of which is to compensate for the damage sustained by the State's public treasury as a result of a taxpayer's delay in fulfilling tax obligations. Late-payment interest does not carry a punitive character but rather takes the form of financial compensation. Surcharges, by contrast, represent a percentage that varies according to the degree of the infringement and are applied when the taxpayer fails to regularize their situation within the legally prescribed time limits. They are imposed automatically in specific cases (Nasr Eddine Rahal and Mustafa Awadi, 2010).

Every natural or legal person (Hamid Bouzidah, 2011) subject to the Single Lump-Sum Tax, the Personal Income Tax, or the Corporate Profits Tax is required to submit a declaration of existence using a form provided by the tax administration(General

Directorate of Taxes, 2017), this declaration must include details of their assets, income, or taxable matter in general, based on the presumption of good faith and integrity on the part of the taxpayer (Said Abdel Aziz Othman and Shukri Ragab Al-Ashmawi, 2007).

The declaration must clearly indicate the portion of turnover that may benefit from a reduction under the provisions of Article 219, particularly concerning transactions carried out under wholesale sales conditions. It must be supported by a schedule, including an electronic data record, containing the following information for each client: Tax Identification Number; Taxable item number; name and surname; trade name or business designation; correct client address; amount of sales transactions carried out during the calendar year; commercial register number; and the amount of value-added tax invoiced.

This is in accordance with the provisions of paragraph one of Article 224 of Ordinance No. 76-101 of 9 December 1976, containing the Direct Taxes and Similar Duties Code (Official Gazette No. 102 of 1977), as amended and supplemented by Article 16 of Law No. 16-14 of 28 December 2016, containing the Finance Act for 2017.

Pursuant to paragraph two of Article 224 of the same Ordinance, taxpayers are required to submit a declaration for each branch or unit they operate in every municipality where they conduct their activities. They must also provide the accounting documents and supporting evidence necessary for verifying the declaration whenever requested by the tax inspector, in accordance with paragraph three of the aforementioned Article.

1.1 Surcharges For Failure To File Or Late Filing

Tax is assessed automatically on any taxpayer who fails to submit the annual declaration, whether relating to Personal Income Tax or Corporate Profits Tax. The assessed amount is increased by 25%. However, this surcharge may be reduced to 10% or 20% (Mansour Ben Amara, 2010) under the conditions set out in Article 322 of Ordinance No. 76-101 containing the Direct Taxes and Similar Duties Code, as previously mentioned.

In the event of late submission of the declaration provided for under the Direct Taxes and Similar Duties Code, the taxpayer must file it with the administration within thirty (30) days from the date of notification served by registered mail with acknowledgment of receipt, requiring submission within this period (Fatima Al-Suwaisi, 2014).

A surcharge of 25% is applied to the entirety of the tax liabilities borne by the taxpayer. Furthermore, any taxpayer who fails, within the prescribed time limits, to provide in support of their declaration the documents and information required under Articles 152 and 158 of the Direct Taxes Code shall be liable to a tax fine period (Fatima Al-Suwaisi, 2014).

If the requested documents are not submitted within thirty (30) days from the date of the formal notice addressed to the concerned party by registered mail with acknowledgment of receipt, the tax shall be assessed automatically and the amount of the tax liability may be increased by up to 25%, in accordance with the provisions of paragraph two of Article 192 of the aforementioned Ordinance No. 76-101, as amended by Article 22 of Law No. 02-11 of 24 December 2002, containing the Finance Act for 2003 (Official Gazette No. 86 of 2003).

1.2 Surcharges For Understatement In Declarations

Where a taxpayer required to submit declarations indicating the bases or elements used in determining the tax base reports incomplete or inaccurate profits, the amount of the omitted tax liabilities shall be increased as follows (Lazreq Labad, 2012):

- 10% where the evaded tax amount is less than or equal to 50,000 Algerian dinars;
- 15% where the evaded tax amount exceeds 50,000 Algerian dinars but does not exceed 200,000 Algerian dinars;
- 25% where the evaded tax amount exceeds 200,000 Algerian dinars.

In cases involving attempted fraud, a surcharge of 100% shall be applied to the entirety of the tax liabilities where the evaded amount is less than or equal to five million Algerian dinars.

This surcharge shall be increased to 200% where the evaded tax liabilities exceed five million Algerian dinars annually (Mansour Ben Amara, 2010).

Furthermore, any taxpayer who fails to submit the declaration within the time limit specified in Article 224, or who fails to provide the information and documents referred to therein, shall be subject to automatic tax assessment and the penalties provided for under paragraphs 1 and 2 of Article 192, in accordance with the provisions of Ordinance No. 76-101, in particular Article 226 thereof.

2. Tax Fines

There are differing views regarding the legal nature of tax fines. However, a prevailing opinion considers them to possess a dual character, combining both punitive and compensatory elements. This view, supported by the majority of legal scholars, holds that the amounts awarded as compensation in tax evasion cases are of a mixed nature, simultaneously embodying punishment and compensation. They constitute a sanction imposed on the offender and may only be awarded upon the request of the competent authority, namely the tax administration (Betata Trouche, 2011).

This position was upheld by the Supreme Court in relation to tax violations in its decision dated 7 October 1996, in which it overturned a ruling of the Tlemcen Court of Appeal that had classified tax claims as civil actions and regarded tax fines as civil compensation payable to the tax administration. The Supreme Court concluded that tax fines are of a hybrid nature, predominantly punitive though containing a compensatory aspect, and therefore may only be imposed upon the request of the tax administration (Ahsan Bousquaiya, 1998).

Tax legislation provides for a range of financial fines imposed in cases of non-compliance with its provisions, including the following (Abdel Raouf Quteish, 2002):

2.1 Under The Direct Taxes And Similar Duties Code

A direct tax is one assessed on the basis of stable elements such as income or capital, which allows for its collection at regular intervals, generally once per year (Nasr Eddine Rahal and Mustafa Awadi, 2010), It is also defined as a tax determined by the financial administration after assessing the tax base whether in the form of wealth or directly estimated income thereby establishing its exact amount (Zeinab Hussein Awadallah, 1998).

At the outset, the tax auditor reviews the dates on which declarations were submitted and examines both tax and annual declarations. In cases of late submission, such declarations must nevertheless be taken into account. The auditor is typically confronted with the following situations (Nasr Eddine Rahal and Mustafa Awadi, 2010):

- Declarations submitted within the legally prescribed time limits and in a regular manner;
- Declarations that were not submitted at all.

Accordingly, the legislator has provided for sanctions applicable to taxpayers who fail to comply with their obligations. These sanctions vary depending on the nature of the declaration, the most significant of which include:

2.1.1 Failure To Submit Declarations

The Algerian legislator has provided for sanctions applicable to any taxpayer who refuses to submit the required declarations. These sanctions vary depending on the type of declaration, the most significant of which include:

a. Failure to Submit a Declaration of Existence:

Under Article 194 of the Direct Taxes and Similar Duties Code, a fixed financial fine of 30,000 Algerian dinars is imposed on taxpayers who fail to submit a declaration of existence (Zanati Farida, 2011).

b. Failure to Submit an Income Declaration:

The legislator distinguishes between a taxpayer's failure to submit a declaration and the submission of an inaccurate declaration. The fines relating to declarations of total income also apply to corporate profits. The Direct Taxes and Similar Duties Code provides for a tax fine ranging from 1,000 to 10,000 Algerian dinars, imposed according to the number of instances in which omissions or inaccuracies are identified in the documents and information submitted pursuant to Article 162.

With regard to the Tax on Professional Activity, the Direct Taxes and Similar Duties Code requires institutions referred to in Articles 13-1 and 138 to submit, together with the annual tax declaration, the detailed customer schedule provided for under Article 224 for each of their operational units or branches. Failure to submit this schedule within the prescribed time limits results in the application of the sanctions provided for in Articles 226 and 227, in addition to the fines mentioned in paragraphs one and two.

Where there are indications that the taxpayer has attempted to commit fraud particularly through the organization of insolvency authorized tax officials holding at least the rank of inspector and duly sworn shall draw up a tax offence report (*procès-verbal de flagrance fiscale*). This gives rise to the imposition of a financial fine of 600,000 Algerian dinars, which is increased to 1,200,000 Algerian dinars where turnover or gross revenues exceed 50,000,000 Algerian dinars, as provided for under the Single Lump-Sum Tax regime pursuant to Article 282 bis 4 of the Direct Taxes and Similar Duties Code, as of the date of the offence report (Zanati Farida, 2011).

2.1.2 Late Payment Of Tax

Failure to submit or incomplete submission of the documents required under the provisions of Article 169 bis of the Tax Procedures Code, within thirty (30) days from the date of notification served by registered mail with acknowledgment of receipt, results in the imposition of a fine of 2,000,000 Algerian dinars.

If the institution fails to comply with the obligation to submit declarations for audit purposes, an additional fine equal to 25% of the profits transferred indirectly is imposed. This is in accordance with the provisions of Article 141 bis of the Direct Taxes and Similar Duties Code, and is applied in addition to the aforementioned fine.

2.1.3 Obstruction Of Tax Officials In Performing Their Duties

Any person who acts in a manner that prevents authorized tax officials from inspecting violations of tax legislation, in accordance with Article 304 of the same Ordinance, is subject to a fine ranging from 10,000 to 30,000 Algerian dinars.

This fine is increased to 50,000 Algerian dinars if, during the inspection, it is confirmed that the premises were closed for reasons aimed at preventing the authorities from conducting the audit (Nasr Eddine Rahal and Mustafa Awadi, 2010).

2.2 Tax Fines Under The Indirect Taxes Code

Indirect taxes are those levied on income at the point of its use or on wealth at the point of its transfer (Abdel Moneim Fawzi, 2004). Accordingly, the sanctions provided under the Indirect Taxes Code are categorized into three types of tax penalties: fixed penalties, proportional penalties, and special penalties.

2.2.1 Fixed Penalties

According to Article 523 of the Indirect Taxes Code, any violations of the legal and regulatory provisions related to indirect taxes are punishable by a tax fine ranging from 5,000 to 25,000 Algerian dinars, without prejudice to the penalties provided under general law, particularly regarding excise duties and the guarantee rights on precious metals. This is subject to the provisions set forth in Articles 524 to 527 of the same Code (Betata Trouche,2011).

2.2.2 Proportional Penalties

In cases of tax evasion, a tax fine equal to the amount of the unpaid tax or duty is imposed, or the amount subject to suspicion due to failure to comply with a legal or regulatory procedure, provided that this fine is not less than 25,000 Algerian dinars.

In cases involving the use of fraudulent methods, regardless of the amount of the evaded tax, as well as in the case provided for in Article 530, paragraph 2 of the same Code (concerning certain types of altered alcohol), penalties apply accordingly (Betata Trouche,2011).

For the possession, sale, or delayed handling by manufacturers or importers of products made of platinum, gold, or silver in violation of Articles 359 and 378 of the Code, the fine provided in paragraph 1/A above is set at four times the evaded amount, with a minimum of 100,000 Algerian dinars.

If documents are refused or destroyed before the expiration of the legally prescribed retention period, Article 537 of the Indirect Taxes Code imposes a tax fine ranging from 1,000 to 10,000 Algerian dinars, Article 544 of the same Code penalizes participation in preparing or using documents or information proven to be inaccurate by an accountant, tax expert, or anyone in that capacity, applying the same fines as those stipulated in Article 306 of the Direct Taxes and Similar Duties Code (Betata Trouche,2011).

Any violation involving the prohibition of practicing as a business operator, tax advisor, expert, or accountant even in the capacity of manager or employee by persons proven to have prepared false budgets, records, accounts, or documents for determining taxes or duties payable by their clients, is punishable by a tax fine ranging from 1,000 to 10,000 Algerian dinars, pursuant to Article 545 of Ordinance No. 76-104 containing the Indirect Taxes Code, as amended and supplemented.

In cases of evasion of duties, the applicable fine always equals three times the amount of the evaded duty, with a minimum of 5,000 Algerian dinars, in accordance with Article 546 of the same Ordinance.

2.2.3 Special Penalties

a. **Distillation Apparatus:** Possession of a distillation apparatus or any part thereof in violation of this law is punishable, without prejudice to other penalties provided under this Code, particularly Article 526, as follows:

- **A tax fine of 10,000 Algerian dinars.**
- Confiscation or destruction of the apparatus or part thereof, at the discretion of the tax administration.

b. **Tobacco Cultivation:** Any cultivation of tobacco that does not comply with the provisions of this law is punishable by a tax fine of 0.5 Algerian dinars per illegally planted seedling, with a minimum fine of 500 Algerian dinars, as stipulated in Article 525, in accordance with Article 126 of the Code.

c. **Fuel Use:** The use of gasoline or diesel fuel intended for agriculture, or taxed according to vehicle toll tariffs, in any vehicle not authorized to use such fuel under this law, is punishable without prejudice to other applicable penalties for the person responsible for the vehicle by a fine of 1,000 Algerian dinars, pursuant to Article 528 of the Code.

3. Penalties Under The Turnover Tax

The turnover tax is considered a cash levy paid by individuals and companies to fund the state budget (Saleh Al-Ruwaili, 1992). The private benefit obtained by individuals is linked to the public benefit received by society through the regulation of the relationship between authorities and individuals regarding the provision of public services (Betata Trouche, 2011).

Given the importance of this tax, specific penalties are provided for (Tahir Al-Janabi, 1995), Article 114 of the Code stipulates sanctions against anyone who violates the legal provisions or implementing regulatory texts related to the value-added or turnover tax.

3.1 Definition And Characteristics Of The Value-Added Tax

The value-added tax is a tax that affects a wide range of transactions, the tax paid on purchases is recoverable through sales, meaning that the final consumer ultimately bears the cost (Abdelhamid Afif, 2013), its key characteristics are:

- a. **Real Tax:** It applies to the use of income or the final consumption of goods and services.
- b. **Indirect Tax:** It is paid to the treasury indirectly by the final consumer, who is the true debtor, through the business, which is considered the legal debtor.
- c. **Proportional Tax:** It is calculated as a percentage of the product's value rather than based on the type of product.
- d. **Tax Collected in Installments:** At each stage of production, the VAT corresponds to the tax calculated on the sale price to the consumer (Abdelhamid Afif, 2013).
- e. **Sovereign Tax:** VAT is a sovereign levy for legal debtors because the final consumer bears the actual cost.

3.2 Transactions Subject to Value-Added Tax (VAT)

The following operations are subject to VAT:

a. General Transactions :

- Sales, construction works, and the provision of industrial, commercial, or financial services carried out in Algeria, whether regularly or occasionally.
- Import operations.
- VAT applies regardless of the legal status of the persons involved in these taxable transactions (Lazreq Labad, 2012).

b. Movable Property Transactions :

- Sales and deliveries made by producers.
- Transactions conducted under wholesale conditions by importers.
- Operations carried out by wholesalers.
- Trade in used items (excluding tools) partially or wholly made of platinum, gold, silver, or natural gemstones, as well as original artworks, antiques, and items included in collections (Lazreq Labad, 2012).

c. Real Estate Transactions:

Under current tax legislation, the taxable event for construction works is constituted by the full or partial receipt of payment. The new VAT rates of 19% and 9% apply to:

- Contracts concluded as of 1 January 2017 (Youssef Mamch and Nasser Dadi Addoun, 2008).
- Payments received for works started before this date, even if invoices were issued, in which case adjustments or additional provisions to the main contracts are required to account for the new VAT rates.

d. Specifically, real estate transactions include:

- Construction works, land subdivision for building, and sales conducted by landowners.
- Sale of real estate or commercial premises by individuals who purchase such properties in their own name, either regularly or occasionally, for resale.

e. Optionally Taxable Transactions: Individuals or legal entities whose activities fall outside the normal scope of VAT may opt to become VAT taxpayers, provided they supply goods or services:

- For export.
- To petroleum companies.
- To other VAT-registered taxpayers.
- To institutions benefiting from an exemption-based procurement system.

3.3 Consequences of the Option: Persons opting for VAT become subject to the real VAT system and are bound by all obligations imposed on VAT debtors, including registration, submission of turnover statements, and maintaining regular accounting records

a. Penalties under VAT: Given that VAT is a financial resource collected by the state to support the public treasury, the legislator has organized corresponding tax penalties:

b. Failure to Provide Required Documents or Information: If the taxpayer fails to support the annual declaration with the necessary information and documents, or refuses to provide them, (Mahfoudh Berrahmani, 2009) or destroys them before the legal retention period expires (Mohamed Seghir Baali, 2003), Article 114 provides for a tax fine ranging from 500 to 2,500 Algerian dinars, which rises to 1,000–5,000 Algerian dinars in cases involving fraudulent methods (Fares Al-Sebti, 2011).

c. Failure to Display Identification Boards (Article 60): A tax fine of 1,000 Algerian dinars applies, without prejudice to other applicable tax obligations.

d. Non-Compliance with Declaration Obligations (Article 61): VAT authorities may impose a fine ranging from 1,000 to 5,000 Algerian dinars.

e. Late Submission of Turnover Statements (Article 76, Ordinance 76-102, Article 115): A 10% fine is applied, increasing to 25% if the tax administration serves a formal notice by registered mail requiring the taxpayer to regularize their status within one month.

f. Obstruction of Tax Officials (Article 122): Any action preventing authorized officials from performing inspections of tax law violations is punishable by a fine of 1,000–10,000 Algerian dinars (Betata Trouche, 2011).

4. Penalties Under The Stamp Duty And Registration Laws

The Algerian legislator has established a set of penalties under both the Stamp Duty Law and the Registration Law, summarized as follows:

4.1 Stamp Duty Law

Any fraud, attempted fraud, or maneuver whose purpose or effect is to evade or improperly reduce the tax, including the use of equipment mentioned in Article 4, is punishable under the applicable legislation for each evaded tax.

If the equipment is used without authorization from the tax administration, the fine cannot be less than 10,000 DZD, as specified in Article 33, paragraph 1 of Ordinance 76-103 dated 9 December 1976 (Official Gazette No. 39, 1977, amended and supplemented).

a. Evasion of Fees: Article 35, paragraph 2, provides that fines for fee evasion always equal five times the evaded fees, with a minimum of 2,000 DZD.

b. Obstruction of Tax Officials: Article 37, paragraph 1, stipulates that anyone who obstructs authorized officials from performing inspections is subject to a tax fine ranging from 10,000 to 100,000 DZD.

c. Non-Payment of Stamp Duty on Negotiable and Non-Negotiable Papers: Article 90 sets fines ranging from 500 to 5,000 DZD for violations of stamp duty payment obligations.

d. Graduated Fine System (Article 106): Violations of Articles 19–101 incur fines as follows:

- 10% if the evaded fees are $\leq$ 50,000 DZD.
- 15% if the evaded fees are $>$ 50,000 DZD and $\leq$ 200,000 DZD.
- In cases of fraudulent methods, a 100% fine applies to all unpaid duties. These fines apply to each contract, document, receipt, or revenue related to a transaction for which the stamp duty was unpaid, with a minimum fine of 500 DZD (Al-Sabti Faris, 2011)

e. **Specific Violations (Article 18):** Fines range from 500 to 5,000 DZD for:

- Violations of Article 11: no stamp mark may be defaced or covered by writing.
- Informal contracts violating Articles 12 and 13: previously stamped paper cannot be reused for a new contract even if the first contract has not expired.
- Violations of Article 15: expense statements prepared by clerks and notaries must indicate in a separate column, for each expense, the amount of duty paid to the treasury.

f. **Notaries Working Independently:** A fine of 5,000 DZD applies for each violation of the requirement to explicitly declare in a contract whether the document carries the required stamp or to state the amount of stamp duty paid.

4.2 Registration Law

Registration is the procedure carried out by the Registration Inspector when receiving legal documents or transactions related to real estate, during which **registration fees** are collected (Asia Dowa and Khaled Rammoul, 2008)

- This procedure applies either to contracts or to transfers not resulting from contracts, allowing the state to collect a tax known as the registration fee.
- Registration is mandatory, and failure to comply results in the taxpayer being liable for a taxfine (Asia Dowa, Khaled Rammoul. 2008)

Article 1 of the Registration Law provides that registration fees are collected in favor of the state to support the public treasury and are payable upon registering legal acts with the Registration and Stamp Office, given the importance of registration fees in supporting the public treasury, specific penalties are imposed for evasion:

Article 49: Any person aware of the obligation to pay whether a lessor or one of the lessees who opens or causes the opening of the treasury without observing the conditions of Article 48 of the same ordinance is personally liable for transfer fees due upon inheritance, as well as any penalties arising from amounts, bonds, or items in the treasury. This is in addition to a fine ranging from 1,000 to 10,000 DZD, without prejudice to claims against the taxpayer for these fees and penalties where applicable (Nasr Eddine Rahal and Mustafa Awadi, 2010).

Article 120: If the taxpayer evades registration fees, a tax fine equal to four times the evaded fees is applied, with a minimum of 5,000 DZD.

Article 62: Any person or company that refuses to allow access to books, records, and documents required under Articles 45 to 61, or destroys such documents before the legally prescribed retention period, is subject to a tax fine ranging from 5,000 to 50,000 DZD (Betata Trouche, 2011).

Article 45: Taxpayers conducting transactions under wholesale conditions, including importers, who fail to submit a customer list as required under Article 224 of the Direct Taxes and Similar Fees Law, are liable to a tax fine of 1,000 to 10,000 DZD for each instance in which errors or inaccuracies in the required information are detected.

II. Conclusion

From the foregoing, it is clear that tax evasion reflects the inefficiency of the tax system; Given its multiple negative consequences financial, economic, and social Algeria seeks to combat this phenomenon to mitigate its impact through penalties mechanisms.

In conclusion, the Algerian tax legislator, by imposing various obligations on taxpayers whether fiscal, accounting, or payment related did not leave the choice to the taxpayer to comply at their discretion. Instead, the law provides penalties for those who fail or delay in fulfilling these obligations. These penalties may be fiscal, mainly in the form of fines, or professional, applied to taxpayers found guilty of tax fraud. However, despite their variety, these penalties are not effective in deterring non-compliance unless there is rigorous and consistent enforcement.

The main findings of this study can be summarized as follows:

1. Taxes are an effective tool of state fiscal policy, given their impact on the economic and social realities.
2. Tax audits are conducted by legally authorized tax authorities, following key procedures including formal inspections, document reviews at tax inspectorates, and various types of investigations.
3. Tax monitoring is a cornerstone of the tax system, taking multiple forms.
4. Non-payment by taxpayers triggers fines and surcharges.

Based on these findings, several recommendations can enhance the fight against tax evasion and improve the effectiveness of tax oversight:

1. Develop and comprehensively reform the tax administration in line with international standards.
2. Equip tax authorities with modern tools and establish new administrative facilities to strengthen the tax structure and improve the administration's image.
3. Intensify monitoring in regions with high potential for evasion to reinforce intervention programs.
4. Promote awareness among taxpayers and tax officials about their respective roles as contributors to public finances.
5. Stabilize the tax system and avoid constant changes to tax laws, as many taxpayers have limited educational backgrounds and cannot keep up with frequent updates.
6. Establish a state-level tax structure consolidating various branches of the provincial tax directorates to facilitate information exchange between administrations and taxpayers.
7. Unify tax laws into a single code to simplify access and understanding for both taxpayers and tax officials.

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