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The Effectiveness of Tax Auditing in Combating Tax Evasion Under Recent Legislative Reforms: An Empirical Case Study of a Tax Inspection in Algeria

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Abstract:

This study investigates the structural effectiveness of tax auditing as a primary mechanism to mitigate tax evasion in Algeria, contextualized within recent legislative adjustments. Adopting a descriptive-analytical framework paired with an in-depth empirical case study of a manufacturing company (SARL X) monitored by a regional tax inspection, this paper evaluates the mechanisms utilized by tax administrators to detect both legal loopholes and illegal concealment methods. The empirical investigation reveals significant tax evasion patterns through the under-declaration of raw material consumption and sales. Following the audit, substantial tax discrepancies were uncovered, leading to a total reassessment across Corporate Income Tax (IBS), Value Added Tax (TVA), and Global Income Tax (IRG). Specifically, the audit successfully identified over 109 million DZD in undeclared turnover for the fiscal year 2019 alone, resulting in massive fiscal reinstatements and a 25% penalty application. The study concludes that while current tax audits are quantitatively effective at recovering lost revenue, their preventive capacity remains constrained by low tax compliance awareness and structural limitations. It recommends continuous digital integration via the JIBAYATIC system and specialized technical training for audit personnel to curb the evolving digital and informal economy.

Keywords: Tax Auditing, Tax Evasion, Fiscal Adjustments, Algeria.

Jel Classification Codes : H2, H3, H24

1. INTRODUCTION

Taxes are one of the most important financial resources for the state to fund its public spending, and an effective means of enabling it to intervene in economic and social life. Therefore, the permanence and continuity of this concept depends on the extent to which taxpayers respond to and comply with their tax obligations.

However, we find that this compliance is mostly relative due to the long-standing debate between paying taxes and evading them.

In the same context, it should be noted that tax evasion is one of the most serious scourges affecting taxes in particular and the economy in general, as it leads to the depletion of financial resources that should have been used by the state treasury for the public good through investment in various development projects in the country, instead of flowing into unknown channels.

The spread of this phenomenon has required various countries, including Algeria, to strive to combat this epidemic through various legislative and regulatory means, by activating the authority granted to the Algerian legislator to conduct tax audits, which has resulted in the establishment of specialized agencies to combat tax evasion, This was embodied in the creation of the Sub-Directorate for Tax Control at the provincial level in 1990, various tax inspectorates at the regional level, and the Directorate of Research and Audits, which was established in 1998. The tax audit system was further strengthened in 2002 with the creation of the Directorate of Large Enterprises (DGE).

However, despite the considerable efforts made to combat this phenomenon, its rate continues to increase. While existing Algerian literature has extensively discussed tax evasion from broad macro-economic or purely legal viewpoints, there is a distinct shortage of empirical studies that dissect the micro-accounting mechanics of tax fraud post the recent legislative overhauls of the 2023 and 2024 Finance Laws. Furthermore, the operational interplay between traditional field audits and modern digital tracking mechanisms (such as JIBAYATIC) remains under-explored. This study bridges this critical research gap by providing a

transparent, empirical balance-sheet-level analysis of tax evasion detection within a local tax inspectorate, evaluating how recent statutory amendments translate into actual revenue recovery.

1.1. Problematic:

Based on the above, the following main question can be posed:

How effective is tax auditing in reducing tax evasion?

Sub-questions:

To answer the main question, we will pose some sub-questions:

- What is meant by tax auditing and tax evasion?
- What mechanisms have been put in place by the various tax inspectorates in Algeria to reduce tax evasion?

1.2. Hypotheses:

In order to answer the main question and sub-questions, we will start from the following hypotheses:

- Tax auditing is a set of operations carried out by the tax administration to verify the accuracy and credibility of the declarations made by taxpayers. Tax evasion occurs when illegal methods or legal loopholes are used to avoid paying tax, either in whole or in part.
- Tax inspectorates use various types and components of tax audits to curb tax evasion in Algeria.

1.3. Importance of the study:

The importance of this study stems from the significance and seriousness of the negative effects of tax evasion, which has allowed large sums of money to circulate freely without supervision or deduction, thereby depriving the public treasury of these funds. This has led to the need to take all available measures, foremost among which is tax auditing, to combat this dangerous phenomenon.

1.4. Research methodology:

In order to answer all the questions raised, the methodology used will be a combination of descriptive-analytical and **empirical case study**

approaches. The descriptive-analytical approach will be used to cover the various theoretical aspects, while the **single-case study approach** will be applied to the practical aspect of this study through an in-depth investigation of a closed corporate tax audit file at a regional tax inspectorate in Algeria.

1.5. Research structure:

To answer the research question and test the hypotheses, the study will be divided into two main sections, preceded by an introduction and followed by a conclusion. The first axis will address the theoretical framework of tax evasion as the disease we seek to cure.

The second axis is a field study that addresses the steps and procedures of tax auditing in practice, as well as its results.

2. Theoretical literature

2.1 The concept of tax auditing and its forms

In order to understand tax auditing, we believe it is necessary to first define the concept.

2.1.1 The concept of tax auditing

In modern fiscal literature, a tax audit is conceptualized through two distinct dimensions: a legal-stributory prerogative and a systematic procedural mechanism. From a statutory perspective, it represents the sovereign right granted to the tax administration by national law to review, verify, and cross-examine the validity of declarations submitted by taxpayers, ensuring accurate public revenue collection (Fella MEHTAL & Ahmed BESBAS, 2020). Alternatively, from an operational and accounting viewpoint (Soumia KAHMOUCHE, 2016), expands this concept by defining it as a highly systematic, evidence-driven process wherein auditors collect, cross-reference, and evaluate accounting verifications to validate the structural fairness of tax returns against national legislative frameworks. Synthesizing these perspectives reveals that a tax audit acts as both a compliance enforcement tool and an administrative diagnostic measure, designed to bridge the asymmetric information gap between the corporate taxpayer and the public treasury.

2.1.2. Types of tax audits

Tax audits seek to verify that an institution's activities are accurately reflected in its annual accounts.This has led to the emergence of two types of tax audits, as follows (Mostapha IDIR & Omar Al-Farouk ZARKOUN, 2019):

A- Internal tax audit:

This is a regulatory activity carried out by the tax administration within its structures, aimed at assessing the efficiency and effectiveness of tax procedures and ensuring that its employees comply with applicable laws and regulations, with a view to correcting deviations and improving the quality of oversight (Abdelkader BENYAHIA, 2018). This audit is carried out by a person from within the tax authority to express their opinion on the credibility of information related to the tax status of the taxpayer. Internal tax auditing is divided into two main types of control, namely:

- **Document control:** the tax administration monitors the declarations and documents used to impose each tax, duty, fee, or royalty (Ben Ouda Amal & Fatima BOUDERA & Khedra ASSLOUN, 2019).
- **Formal tax control:** Formal tax control begins when the relevant authorities receive the declarations submitted by taxpayers and is carried out in a systematic and non-selective manner through a formal examination of the declared items and the correction of any errors noted in the declarations at the time (Fella MEHTAL & Ahmed BESBAS, 2020).

In the same context and within the framework of the modernization of the Algerian administration, the tax administration has established an information system that provides remote tax return services, which the Ministry of Finance, represented by the General Directorate of Taxes, has decided to name: JIBAYATIC (Mohamed KOUADRI, 2022).

B- External tax audit:

This is a procedure carried out by the tax administration towards taxpayers to verify the accuracy of the declarations submitted, by comparing tax data

with accounting and actual documents. This audit is carried out by the tax authority at the taxpayer's headquarters (Farid BENABDALLAH, 2020).
Meanwhile, Articles 20, 20 bis, and 21 of the Algerian Tax Procedures Code specify the types of external tax audits, which are as follows:

- **Accounting audit:** This consists of a set of operations aimed at monitoring tax returns relating to closed financial years. (ALgerian Legislator, 2025).
- **Spot check of the accounts:** Tax officials may conduct a spot check of the accounts of taxpayers for one or more types of taxes for a full or partial period that is not time-barred, or for a set of accounting operations or data for a fiscal year (Algerian Legislator, 2025).
- **In-depth audit of the overall tax situation:** Tax administration officials may initiate an in-depth investigation into the overall tax situation of natural persons who are tax residents in Algeria with regard to income tax and wealth tax, whether or not they have obligations relating to these two taxes (Algerian Legislator, Article 21: Amended by Articles 34 of Finance Law/2023 and 44 of Finance Law/2024., 2023/2024).

In general, the tax administration, after completing the audit, draws up a report stating that the audit has been completed, which is signed by the auditor and the taxpayer (Mostapha AWADI & Nasr RAHAL, 2011).

2.2 The concept of tax evasion and its methods

Given the prevalence of tax evasion, which threatens economic, social, and financial interests, it is necessary to understand its nature and various methods, whether legitimate or illegitimate.

2.2.1. The concept of tax evasion

The concept and nature of tax evasion is based on the method by which tax liabilities are avoided. There are several definitions of tax evasion, including:

Delahaye Thomas defines it as: “Tax evasion is when a taxpayer seeks to avoid paying tax without breaking tax law, but rather by creating situations that allow them to do so. (Suzy Adly NACHED, 1999)”

Gaude Met Paul Marie defines it as: "Tax evasion is when a taxpayer avoids paying tax without violating the provisions of existing tax legislation (Khaled Al-KHATIB, 2000)." Public finance defines tax evasion as: "The taxpayer's complete or partial avoidance of paying tax without transferring the burden to others, which affects the state's tax revenue and deprives it of its right." It is also defined as: "the behavior through which the taxpayer attempts to avoid paying all or part of the tax due without transferring the burden to another person. To achieve tax evasion, the taxpayer uses various methods and techniques that may be legal or illegal (Nasser MOURAD, 2005)."

2.2.2 Methods of tax evasion

Taxpayers resort to a number of methods to evade paying taxes, including (Legislator, 2009):

A - Accounting operations: This involves reducing sales or import amounts without declaration and neglecting to record accounting revenues.

B- Legal and physical operations:

- Legal evasion is more commonly used, whereby tax evasion is achieved by exploiting loopholes in the tax or commercial system to the taxpayer's advantage, thereby preventing the tax legislator from imposing any penalties on the perpetrators.
- Physical operations involve the partial or total concealment of taxable goods or raw materials.

3. A case study based on the accounting audit method

In this axis, we will discuss an analytical study of the tax audit conducted by tax investigators at the level of the institution (SARL X) engaged in the production of packaging.

It should be noted that this process is part of the 2016 program, following the discovery of some discrepancies in certain accounting items by the regional inspectorate after examining the documents carried out by the same inspectorate for the years under review, namely 2016, 2017, 2018, and 2019.

3.1 Preliminary work

Preliminary or preparatory procedures are the first tasks carried out by the investigator before commencing his duties, which require him to obtain the necessary information through his contacts with the taxpayer and to gather information and clarifications that are useful for the audit of the taxpayer's accounts.

3.1.1 Retrieving the tax file from the tax inspectorate

The tax investigator retrieves the tax file of the institution under investigation from the tax inspectorate to which it belongs, as the latter contains personal and professional information about the taxpayer, in particular the declarations submitted by him, whether monthly or annual (G50) or the tax package, which also contains all the information relating to the taxpayer's declared turnover and profits, as well as all the details relating to deductible costs, applicable depreciation, supplies, etc.

3.1.2 Sending the notification document

Upon examination of the file of institution (X) at the tax directorate, the following observations were made:

Audit notice No. 114 was sent on 31-12-2016, indicating that an accounting audit would be conducted in accordance with the document known as the notification of audit. This document includes certain mandatory elements, including:

- The years covered by the investigation, which in our case are 2019, 2018, 2017, and 2016.
- Types of taxes under investigation: Corporate income tax (IBS) 25%, Professional activity tax (TAP) 2%, Gross income tax (IRG) 10%, Value added tax (TVA) 17%.
- Date of dispatch of the preliminary investigation notice.
- Information about the entity.
- Tax identification number.
- Reminder of some of the rights and obligations of the taxpayer subject to tax investigation.
- Signature and rank of the investigators.
- Signature of the team leader.

Before the investigation begins, the company is notified of this notification by the investigators, according to which the company is given 10 days to prepare its accounts and seek the assistance of an agent of its choice in accordance with tax laws and regulations.

3.1.3 Study of the tax status of the institution

The company's activities are limited to purchasing raw materials, producing packaging, and selling it. It is necessary to know its tax obligations and the taxes to which it is subject.

By reviewing this company's file, investigators confirmed that it is in good standing with the tax authorities, as it has fully disclosed its results within the time frame specified by tax law. The company will therefore be subject to a standard tax audit, which will only verify the accuracy of the declarations it has made for the four years under audit.

3.1.4 Issuing the investigation start card (work)

It was noted that the tax auditors had already begun the audit process, as evidenced by the audit start card, which contains information about the company, such as: Item number; Tax identification number; Name of the institution; Profession; Address; Number and date of notification.

3.2 Accounting auditing and its results

Let’s start with:

3.2.1 Accounting auditing

A- Preparation of financial statements to compare the budgets of the four (04) years under investigation:

This document contains rows and columns recording the various assets and liabilities for the four years under investigation. It includes a study of changes in the institution's assets and liabilities, particularly with regard to depreciation, supplies, real estate transactions, and realized capital gains.

Assets:

Table No.3.1: Assets side

Assets	2016	2017	2018	019
Non-current assets	**1850744**	**3501200**	**8290168**	**9440349**
Current assets	**18247224**	**71309179**	**210646910**	**344389249**
Total	**18432 968**	**74810379**	**218937078**	**353829598**

Source: established by the researcher on the basis of information provided by the tax inspectorate.

Liabilities:

Table No.3.2: Liabilities side

Liabilities	2016	2017	2018	2019
Equity	825.970	1.470.901	22.824.319	**31.637.048**
Non-current liabilities	150.893.20	33628872	14.502.139	**14.346.663**
Current liabilities	2.347.678	39.712.606	338.930.346	**326.023.570**
Total	18432968	78810379	218937078	**353829588**

Source: established by the researcher on the basis of information provided by the tax inspectorate.

B- Accounting investigation: Based on the initial report submitted by the investigators to the institution on:

* The investigators deemed it necessary to adjust the turnover and profits reported by the institution (SARL X) as well as the taxes and fees resulting from the difference between the declarations filed and what is approved as a rule after the audit process.

* The audited company was also informed that it had 40 days from the date of this initial notification to communicate all its observations regarding these adjustments, given that the type of investigation was an accounting investigation. It was informed that all ongoing adjustments would result in fines and penalties applicable under the tax regulations and laws in force, in particular Article 1 92/193 of the Law on Direct Taxes and Similar Fees. The investigators recorded the following observations:

- **Accounting in terms of form:**

*** Journal:** This mandatory journal, certified on ---- and contains some transactions that affect the institution's assets, which are recorded on a monthly basis.

*** Inventory ledger:** This ledger does not contain any significant observations, but the inventory details were not taken into account in this ledger.

*** Supporting documents:** This document (initial notification) shows that most of the internal and external supporting documents do not contain any noteworthy notes, meaning that the company keeps accounts based on supporting documents that justify most of the transactions recorded in the accounts. The accounts were therefore accepted in form.

- **Accounting in terms of content:**

Through a thorough review of the institution's accounting (SARL X), tax investigators found a number of violations and errors that amount to tax evasion, the most important of which are:

- Depreciation of 554,937 dinars on transportation equipment for the year 2019, noting that the equipment in question was fully acquired on 12/31/2018

- Certain employee expenses that are not deductible from the company's profits for 2018, namely:

*Telephone expenses for Mr. Mohamed J. in the amount of 15,869.50 DZD.

*Insurance expenses in the name of Mr. Mourad G. in the amount of 9,517.17 DZD.

*Reduction of the late payment penalty for non-payment of annual contributions to the regionally competent National Social Security Fund, estimated at 263,703.1 DZD for 2018.

*Distribution vouchers in the name of customers unknown to the authorities and who were not declared on the sales invoices or on the customer list provided by the establishment, as follows:

- Ayman Café: distribution voucher no. 16 of 08/11/2016 for the delivery of

12,500 boxes.

- Hassan Café: Distribution voucher No. 1 dated 02/11/2017 for the delivery of 537 kg (bag). The order voucher does not bear any markings and is addressed to several customers, as it has been combined with the sales invoices.

*There are two accountings, one general and the other monthly for sales.

Based on the above, violations were recorded in the accounting provided by the company in accordance with the applicable regulations and laws, in particular Article 19 of the Tax Procedures Law.

3.2.2 Initial reporting results

A- Calculation of materials (by quantity):

Using the information on the institution obtained from the Tax Directorate, we calculated the re-established consumption by quantity and extracted the difference between it and the declared consumption for the years under investigation, 2016, 2017, 2018, and 2019:

Table No.3.3: Calculation of materials (by quantity)

Designation	2016	2017	2018	2019
Initial stock	358.983	456.340	670.250	810.331
Purchases	456.262	367.560	433.123	696.489
Final stock	501.160	423.459	774.234	901.569
Recalculated consumption	314.085	400.441	329.139	605.251
Declared consumption	175.601	224.651	480.243	561.621
Difference	**138484**	**175.790**	**-151.104**	43.630
concealment factor	**%55.90**	**%56.10**	/	%92.79

Source: established by the researcher on the basis of information provided by the tax inspectorate.

We note that when the difference is negative (2018), it is not taken into account in the context of tax auditing because the declared depreciation exceeds the revalued depreciation.

B- Calculation of materials (by value):

In the table below, we calculated the declared consumption by value for the years under investigation (2016, 2017, 2018, and 2019) based on the information obtained from the previous table on the calculation of materials by quantity.

Table No.3-4: Calculation of materials (by value)

Designation	2016	2017	2018	2019
Declared consumption (value)	**1.276.460**	**99.152.968**	**604.754.130**	1.325.560.249
Declared consumption (quantity)	**175.601**	**224.651**	**480.243**	561.621
Average price	**7.26**	**441.36**	**1259.26**	2360.23
Recalculated consumption (quantity)	**314.085**	**400.441**	**329.139**	605.251
Recalculated consumption (value)	**2.280.257**	**176.738.639**	**414.471.577**	1.428.531.568

Source: established by the researcher on the basis of information provided by the tax inspectorate.

3.2.3 Re-establishing the business number

Using the table above, we will re-establish the total business number and extract the undeclared business number for the years under investigation.

Table No.3.5: Re-establishing the business number

Designation	2016	2017	2018	2019
Consumption Recalculated (value)	**2.280.257**	**176.738.639**	/	1.428.531.568
Gross margin rate	**50.75**	**%5.56**	/	%6
Gross margin	**1.157.230**	**9.826.668**	/	85.711.894
Recalculated turnover	**3.437.487**	**186.565.307**	/	1.514.243.462
Declared turnover	**1.924.336**	**104.682.734**	/	1.405.225.306
Undeclared turnover	**1.513.151**	**81.882.573**	/	109.018.156

Source: established by the researcher on the basis of information provided by the tax inspectorate.

3.2.4 Adjustment of tax returns on turnover

A- **TVA - Value Added Tax**:

Undeclared turnover is subject to a 17% value added tax for the years 2016, 2017, 2018, and 2019, with penalties imposed in accordance with applicable legislation.

Table No.3.6: Value added tax (TVA)

Years	Non-declared turnover	Percentage	Reinstated rights	Penalty percentage	Amount of penalty	Total
2016	**1.513,151**	**17%**	**257.235**	**25%**	**64.308**	321.543
2017	**81.882.573**	**17%**	**13.920.037**	**25%**	**3.480.009**	17.400.046
2018	/	/	/	/	/	/
2019	**109.018.156**	**17%**	**18.533.086**	**25%**	**4.633.271**	23.166.358

Source: established by the researcher on the basis of information provided by the tax inspectorate.

B- Tax on professional activity (TAP):

The number of undeclared transactions is subject to a 2% tax on professional activity for the years covered by the investigation, and the necessary penalties will be imposed in accordance with the legislation in force.

Table No.3.7: Tax on professional activity (TAP)

Years	Non-declared turnover	Percentage	Reinstated rights	Penalty percentage	Amount of penalty	Total
2016	**1.513,151**	**2%**	**30.263**	**10%**	**3026.3**	33.289
2017	**81.882.573**	**2%**	**1.637.651**	**25%**	**409.412**	2.047.063
2018	**/**	**/**	**/**	**/**	**/**	/
2019	**109.018.156**	**2%**	**2.180.363**	**25%**	**545.090**	2.725.453

Source: established by the researcher on the basis of information provided by the tax inspectorate.

❖ **Reassessment of profits:**

The reassessment of profits for the years under investigation is carried out by applying a percentage of the profits to the turnover to be assessed.

Table No.3.8: Reassessment of profits

Designation	2016	2017	2018	2019
Re-established turnover	**3437487**	**186.565.307**	**/**	1514243462.08
Net profit margin	**40.27%**	**37%**	**/**	30%
Revaluation of profits	**1.384.276**	**69.029.163**	**/**	454.273.038
Declared profit	**640.646**	**644.930**	**/**	10.030.930
Undeclared profit	**743.630**	**68.384.233**	**/**	444.242.108

Source: established by the researcher on the basis of information provided by the tax inspectorate.

C- Corporate Income Tax (CIT)

Undeclared net profits are subject to corporate income tax at a rate of 19% for the years under investigation.

Table No.3.9: Corporate Income Tax (CIT)

Designation	2016	2017	2018	2019
Undeclared profit	**734348**	**68.384.233**	/	444.242.108
(TAP reductions)	**30.263**	**1.637.651**	/	2.180.363
Recoveries	**263703.1**	**567.437**	/	25.386
Extracted profit	**9.677.881**	**67.314.019**	/	442.087.132
Percentage (IBS)	**19%**	**19%**	/	19%
Reinstated rights	**1.838.797**	**12.789.663**	/	839.965.551
Penalty percentage	**25%**	**25%**	/	25%
Penalty amount	**459.699**	**3.197.415**	/	20.999.138
Total amount (rights + penalty)	**2.298.496**	**15.987.078**	/	1.04.995.693

Source: established by the researcher on the basis of information provided by the tax inspectorate.

D- Total income tax (GIT):

Undeclared profits are subject to total income tax (**GIT**) at a rate of 10% for the years under investigation.

Table No.3.10: Global Income Tax (GIT)

Designation	2016	2017	2018	2019
Extracted profit	**9.677.881**	**67.314.019**	/	**442.087.132**
IBS deduction	**1.838.797**	**12.789.663**	/	**8.39.965.551**
base of Tax turnover	**7.839.084**	**54.524.356**	/	**358.090.581**
IRG percentage	**10%**	**10%**	/	**10%**
Reinstated rights	**783.908**	**5.452.435**	/	**35809058.10**
Penalty percentage	**25%**	**25%**	/	**25%**

Penalty amount	**195.977**	**135.608**	**/**	**8952264.5**
Total amount (rights + penalty)	**979.885**	**5.588.043**	**/**	**44761322.6**

Source: established by the researcher on the basis of information provided by the tax inspectorate.

Corporate income tax (CIT) is deducted from the profit extracted to avoid double taxation.

3.3 Response from the taxpayer and results of the final notification

3.3.1 Response of the taxpayer

After the taxpayer has been informed of the results of the preliminary investigation, the latter is entitled to provide all their comments on these results and to submit all necessary justifications explaining their point of view on the re-establishment of their turnover and profits achieved during the years under investigation and their response to all violations committed and announced by the tax audit authorities within 40 days from the date of the initial notification.

2.3.2 Results of the final notification

After reviewing the taxpayer's response within the legally specified time frame (40 days), which did not satisfy the supervisory authorities as it was not based on supporting documents and convincing arguments for what had been previously approved in the initial notification; The results and adjustments made in respect of this taxpayer were finally approved, taking into account the tax penalties provided for in Article 193 of the Direct Tax Law and similar provisions.

4.CONCLUSION

Our study focused on a set of points related to the general problem, where we addressed the effectiveness of tax auditing as a means of combating tax evasion, given its great importance to the state treasury. This led us to another point addressed by the research, namely how to verify and confirm the information declared, This is because the reasons and motives for misrepresentation and concealment are numerous, frequent, and even

certain, due to the sometimes conflicting and contradictory goals and objectives of users of this type of declaration. To solve this problem, tax audits were introduced, with the primary goal of combating tax evasion.

After completing the theoretical and practical study, we reached the following results:

- Taxation is considered the most important factor that can bring about changes in economic activity by directing investments in a way that serves economic development.
- Tax evasion is one of the most important challenges facing the effective and successful implementation of fiscal and economic policy due to its many negative effects.
- Taxes on gross income, professional activity, value added, and corporate profits are among the most important taxes in force in Algeria.
- Full coordination between the tax administration and various other administrations and institutions plays an effective role in the exchange of information in terms of its collection and use, which contributes to the collection of taxes.
- Full coordination between the tax administration and various other administrations and institutions plays an effective role in the exchange of information in terms of its collection and use, which strengthens strategies to combat tax evasion.

Discussion of hypotheses:

In light of the above results, it is clear to us that:

- The first hypothesis, based on the study, proves to be correct, as this set of operations carried out by the tax administration helps to verify the accuracy of the declarations made by taxpayers and thus limit tax evasion as much as possible.
- The second hypothesis is also valid, given the existence of many legal loopholes that facilitate tax evasion, hence the effective role played by tax inspectors in Algeria.

Suggestions:

The study concluded with a set of proposals whose implementation could contribute to combating various forms of tax evasion and increase the

effectiveness of tax audits in combating this phenomenon. These proposals are summarized in the following points:

- Continuous training of control officers through a regular training program, to enable them to keep pace with changes in the tax audit system, both in terms of laws and procedures, in addition to continuous training on advanced technological tools.
- Reviewing the tax system to make it more flexible so that taxpayers can pay their dues without resorting to tax evasion, such as reviewing the rates and percentages of certain taxes and fees that constitute a tax burden on taxpayers.
- Combat administrative corruption, especially bribery, by reviewing employee salaries and providing them with privileges and rewards to encourage them to work and keep them away from any temptations they may encounter, and provide them with the necessary protection by enacting legal texts that regulate this area.

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