

Accounting audit procedures within the framework of Tax control and its role in reducing Tax evasion

Case study: the Sub- Directorate of Tax Control – Mila-

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Abstract:

The importance of studying this issue lies in the importance and place of the tax base in forming the state treasury, and accordingly, with the force of the legal rule, no tax or fee can be established or collected, unless the law stipulates that explicitly, as it clarifies its awareness, percentages, method of imposing, due dates, and financial and tax penalties resulting from Violate it. This is in line with the market economy and economic policy in order to avoid the phenomenon of tax evasion. And it is assumed that there will be procedures to maintain this container, including the procedures of accounting audit. Therefore, we highlighted in this research paper the contribution of accounting audit procedures within the framework of tax control to reducing tax evasion.

Keywords: tax system, tax policy, tax evasion, tax control, accounting audit.

Jel Classification Codes: H2, H260, M400.

المخلص:

إن أهمية دراسة هذا الموضوع تكمن في أهمية ومكانة الوعاء الضريبي في تشكيل خزينة الدولة، وعليه وبقوة القاعدة القانونية لا يمكن تأسيس أو تحصيل أي ضريبة أو رسم، إلا إذا نص القانون على ذلك بصراحة حيث يوضح وعائها ونسبها وطريقة فرضها ومواعيد استحقاقها والغرامات المالية والجبائية الناجمة عن مخالفتها. وذلك تماشيا مع اقتصاد السوق والسياسة الاقتصادية من أجل تفادي ظاهرة التهرب الضريبي. وعليه من المفروض أن تكون هناك إجراءات للمحافظة على هذا الوعاء منها إجراءات التحقيق المحاسبي. لذا سلطنا الضوء في هذه الورقة البحثية على مدى مساهمة اجراءات التحقيق المحاسبي في إطار الرقابة الجبائية على الحد من التهرب الضريبي.

الكلمات المفتاحية: النظام الضريبي، السياسة الضريبية، التهرب الضريبي، الرقابة الجبائية، التحقيق المحاسبي.

تصنيفات JEL: H2, H260, M400.

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1. Introduction:

In light of the new changes to the national economy, the Algerian state has undertaken legal amendments and reforms in the financial texts as well as tax legislation in order to increase the effectiveness of economic activities and try to advance economic progress, since the Algerian tax regime before 1991 did not allow to achieve the desired goals (characterized by complexity, multiplicity Taxes and vessels), and this is due to the emptiness that prevailed in fiscal structures, which led to the emergence of signs of tax evasion that have become a phenomenon that is beginning to expand in a manner that has caused a lot of controversy among those concerned, whatever their location. Thus, tax evasion has become one of the main obstacles to economic development and financial abundance, which must be fought by adopting precise mechanisms and strict procedures. On the one hand, the Algerian tax system is characterized as a system of declarative nature, which requires fiscal control and investigation, and based on the previous offer, features show us The problem of this research, which can be formulated as follows:

- Are the accounting investigation procedures currently approved by the tax directorates sub-directorates effective to reduce the phenomenon of tax evasion?

2. Tax evasion and the accounting audit procedures

Tax evasion has dire effects that threaten the economic balance and social structure of the state, and this is what makes them floundering in problems that were indispensable, To combat the latter, the state and its related interests resort to adopting measures to combat this phenomenon, and these measures are mainly in tax control in general and accounting audit in particular.

2.1.Tax evasion effects and methods to measure it

2.1.1. The concept of Tax evasion

Camille Rosier define it as « Tax evasion conatins all material movements, measures, maneuvers, and arrangements that the taxpayer or others resort to in order to get rid of paying the tax. (Margairez, 1977, p. 25).

And J.C.Martinez define it as « the art of avoiding falling in to the realm of Tax low. » (نوى، 2004-2003، صفحة 03).

Through the previous two definitions, tax evasion can be defined as "the taxpayer taking advantage of loopholes in the tax law to partially or completely eliminate tax, which results in depriving the public treasury of tax revenue."

2.1.2. The effects of Tax evasion :

Tax evasion reduces the state's ability to perform its duties and cover expenses. The economist Alex Cobham at Oxford University (2015) used an economic model

to estimate the total amount of lost tax revenue as a result of employing personal assets in tax havens and transferring the profits to enterprises abroad, and concluded that developing countries annually loses \$ 50 billion in revenue as a result of resorting to tax havens and corporate profits transfers, in addition to its loss of tax revenues estimated at \$ 285 billion as a result of local tax evasion, which is equal to a total of \$ 395 billion (قدي، 1995، صفحة 226), Tax evasion is also considered a means of moral corruption, as we find that some financiers pay their tax obligations and others do not pay and this means that the general concept of justice has been violated (Al Marshedir & Qassim, 2018, p. 07), and also the effects of tax evasion have weakened the state's ability to spend on some social aspects such as health, education, and social services. This has a negative impact on human development, and by this we note the delay of countries with a tendency towards tax evasion.

2.1.3. Ways of measuring Tax evasion : Tax evasion is measured based on the information provided by the taxpayers about their actual incomes that were hidden, in exchange for benefiting from some exceptional advantages offered by the authorities in order to achieve this endeavor or through the results obtained by a special type, and it is measured through two procedures (كمون، 1999-2000، صفحة 107):

- **Special exemptions:** According to this technique, the financial authorities, in order to arrive at estimates of the scale of the phenomenon, invite those charged with declaring and disclosing their actual incomes in exchange for benefiting from the abolition of fines or delay penalties due, and in some cases from a special reduced rate of submission, and by examining the deposited statements during The period specified for the exemption and its comparison with that filed before, and thus tax evasion is estimated and discovered.

- **Special investigations:** With regard to this method, the estimation of evasion can be done by selecting a sample from among those charged with having deposited their statements, so that they include the various classes of income and constituent groups of the tax community in a way that makes them represent the latter the best representation, then the selected sample is subject to a process A special auditing by auditors with a high degree of experience and specialization that allows them to determine the amount of tax that taxpayers must pay if they do not commit evasion and work at the expense of taxes due to them in accordance with tax laws and regulations, so we get the amount of smuggled rights and the rate of evasion by dividing the amount of Authorized taxes on the amount actually owed.

2.2. Accounting auditing as a form of tax control: Accounting audit means the set of operations aimed at monitoring tax declarations written by taxpayers (المادة 20، فقرة 01، من قانون الإجراءات الجبائية)

The audit also means that all operations aimed at monitoring the tax declarations written by taxpayers and an accounting examination, and to ensure the extent of their conformity with the financial and other data in order to know the extent of their conformity, and Article 113 of the Drawing Law stipulated the business number that it must be audited on the spot, except if the taxpayer submitted a written request to the contrary, and it was accepted by the authority, or in the case of a force majeure legally established by the authority, where the tax administration can conduct the auditing only on the taxpayers who are obligated to keep the books and accounting documents that impose commercial law The tax is held by the tax authority, that is, in the absence of these documents, this type of auditing cannot be conducted (المادة 113، فقرة 01، من قانون الرسم على رقم الاعمال)

Through the previous two definitions, we conclude with the definition of Accounting audit as “a group of operations organized by the tax administration that takes place at the level of the sub-directorates of Tax control, where a group of tax auditors monitors the various tax statements submitted by taxpayers, with a view to comparing the business number The authorized and business number estimated by the latter to discover embezzlement, if any, and the difference between the estimated and authorized turnover is tax evasion.

3. Accounting audit procedures in the Sub-Directorate of Tax Control in Mila

To complete the topic, a field case study was chosen for one of the economic institutions that took place at the level of the Sub-Directorate of Tax Control - Milla - as the latter was subject to an accounting audit due to the programming of its file by the inspectorate due to indications that there is a failure to respect the rules and laws in force for tax purposes.

3.1. Accounting audit of the economic institution was carried out at the level of the Sub-Directorate for Tax Control -Mila-: One of the most important methods that are used in combating tax evasion is the accounting audit, through accounting control, which is revealed in

terms of form and content, where the Tax administration then takes practical measures that will reshape the turnover in order to be able to access the amounts evaded And to recover the sums, rights and fines incurred, and compel the person charged to pay them to the Tax Authority.

Definition of the nature and type of activity of the taxpayer under auditing:

the concerned taxpayer is an institution x a public works contractor, and the nature and type of his activity is in two activities:

The first: construction work at all stages; **the second:** rental of public works equipment (rendering services).

Accounting audit procedures in the file of the concerned: In this element, we will address a presentation of one of the institutions that have been subject to tax control.

On the date of 24/03/2015, auditors from the BRV Inspection and audit Team of Mila State sent an auditing notice N°. 415/2015 to Mr. x: the owner of the state's construction contracting company, where this notice is attached to the tax payer's charter. It includes tax laws that show the taxpayer his money and duties.

This process took place after the auditors moved to the Inspectorate to withdraw the taxpayer's file for tax accounting control; and after the taxpayer complied with the auditors' request and agreed to receive them in place after submitting all the accounting documents and documents, the auditors began examining those documents and documents formally, especially those related to With the various discounted and approved burdens, this has been summarized in the budget comparison document and the results calculation table, which shows the four years concerned with the auditing; after that, the auditors set out in the process of in-depth tax monitoring and making comparisons in all documents and Other accounting books such as a journal, ledger, and trial balance; the auditor not only satisfied the internal auditing, but moved at another stage to search for tax information with suppliers, institutions and various banks by sending an information request; after receiving the various information provided by the suppliers and an in-depth study of the various accounts is done Record all observations and differences and present them with a notification of the initial notification to the taxpayer, and the file in question was chosen based on some indicators, including:

The presence of fake invoices for the supplier who does not have a commercial record; failure to provide some declarations; deduction of the fee on the added value of invoices twice.

Initial Reporting: A study and examination of the tax and accounting status of your organization for the years: 2011 - 2012-2013 and 2014, which were carried out in accordance with the inspection and audit notice number: *** / 2015 prepared on **October 20th 2015**, where the following notes were recorded:

Accounting in terms of form: the following accounting books have been provided:

✓ The general journal is recorded under number: ** / 2015, dated: ** / ** / 2015, indexed by the Mila Court;

- ✓ The inventory book is registered under the number: ** / 2015 dated: ** / ** / 2015 Indicated by Mila Court;
- ✓ Various justification documents.

Accounting in term of content :

Year 2011:

Table N°. 01: Shows fake invoices for the supplier XX:

Invoice number	Invoice date	Supplier	Amount outside the fee	Value added fee	Stamp fee	Amount with all fee
056/2011	05/07/2011	***	84 500,00	14 365,00	988,65	99 853,65
059/2011	13/07/2011	***	83 850,00	14 254,50	981,05	99 085,55
062/2011	19/07/2011	***	84 575,00	14 377,75	989,53	99 942,28
066/2011	24/07/2011	***	83 300,00	14 161,00	974,61	98 435,61
073/2011	31/07/2011	***	84 250,00	14 322,50	985,73	99 558,23
075/2011	03/08/2011	***	84 150,00	14 305,50	984,56	99 440,06
078/2011	07/08/2011	***	83 300,00	14 161,00	974,61	98 435,61
083/2011	10/08/2011	***	83 725,00	14 233,25	979,58	98 937,83
087/2011	14/08/2011	***	84 405,00	14 348,85	987,54	99 741,39
090/2011	18/08/2011	***	84 500,00	14 365,00	988,65	99 853,65
095/2011	21/08/2011	***	84 175,00	14 309,75	984,85	99 469,60
0118/2011	04/09/2011	***	84 150,00	14 305,50	984,56	99 440,06
0124/2011	07/09/2011	***	84 500,00	14 365,00	988,65	99 853,65
0131/2011	13/09/2011	***	83 200,00	14 144,00	973,44	98 317,44
0136/2011	21/09/2011	***	82 450,00	14 016,50	964,67	97 431,17
0142/2011	29/09/2011	***	84 100,00	14 297,00	983,97	99 380,97
The sum			1 343 130,00	228 332,10	15 714,65	1 587 176,75

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

The sum of these invoices amounting to: 1 343 130.00 DZD in addition to the stamp rights estimated at: 15 715.00 DZD will be added to the declared profit. The value added fee will be refunded of these invoices, which you settled in the September 2011 permit, estimated at: 228 332.00 DZD, will also be recovered.

➤ The value added fee is deducted of the following invoices twice in row:

- Invoice N°. E30345-2011 dated 05/26/2011 for the group***, and this was during my declarations of October and December 2011 for the amount: 14 009.00 DZD, and accordingly, it will be reintegrated.
- invoice N°. 24/2011 dated 09/08/2011 and No. 27/2011 dated 08/26/2011 for the supplier *** In the declarations of September and December 2011, the amount of the fee to be reintegrated is, respectively: 357 000.00 DZD and 369 750.00 DZD.

➤ The following invoices were settled through the fund despite the amount exceeding 100 000.00 DZD and this is without submitting the payment receipts (VERSEMENT BANCAIRE) according to what is stipulated in Article 30 of the Fee Law on the Amended turnover and Completed by Articles 24 of the Supplementary Finance Law of 2010 -32 which must be according to this The materials provide justifications that prove that the settlement was made in a non-monetary manner as a

condition to take advantage of the recovery of the fee and therefore the fee will be re-integrated into the added value of these invoices:

Table N°. (02): indicates an invoice for which the value added fee will be re-incorporated

Invoicenumber	Invoice date	Supplier name	Amountoutside the fee	Value addedfee	Amountwith all fee
00101/2011	09/08/2011	***	217 611.60	36 993.97	254 605.57
The sum			217 611.60	36 993.97	254 605.57

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

➤ As for the invoice of services provided No. 05/2011 dated 10/16/2011 for the benefit of the municipality of Ain El-Tine, which is estimated at 210 000.00 DZD outside the fee, it is not accounted for within the invoiced turnover.

Year 2012:

➤ The receipt of an information card from the main authority for monitoring and research in the Tax Administration of the State of Setif, stating that you have audited purchases by the supplier *** (Wholesale of building materials) with a value of 402 000.00 DZD that you did not declare or record accounting with, and accordingly we will consider it resale as is, with a profit margin of 20%.

Table N°. 03: Indicates fake invoices for the supplier YY:

Invoicenumber	Invoice date	Supplier	Amountoutside the fee	Value addedfee	Stampfee	Amountwith all fee
087/2012	02/05/2012	***	81 250,00	13 812,50	950,63	96 013,13
092/2012	06/05/2012	***	84 500,00	14 365,00	988,65	99 853,65
097/2012	10/05/2012	***	83 852,50	14 254,93	981,07	99 088,50
0103/2012	14/05/2012	***	84 362,50	14 341,63	987,04	99 691,17
109/2012	20/05/2012	***	84 450,00	14 356,50	988,07	99 794,57
0113/2012	22/05/2012	***	83 980,00	14 276,60	982,57	99 239,17
116/2012	27/05/2012	***	84 150,00	14 305,50	984,56	99 440,06
0120/2012	31/05/2012	***	84 418,75	14 351,19	987,70	99 757,64
122/2012	03/06/2012	***	84 617,50	14 384,98	990,02	99 992,50
125/2012	07/06/2012	***	84 540,00	14 371,80	989,12	99 900,92
130/2012	11/06/2012	***	83 200,00	14 144,00	973,44	98 317,44
136/2012	17/06/2012	***	82 550,00	14 033,50	965,84	97 549,34
140/2012	20/06/2012	***	84 175,00	14 309,75	984,85	99 469,60
145/2012	24/06/2012	***	84 402,50	14 348,43	987,51	99 738,44
152/2012	26/06/2012	***	84 150,00	14 305,50	984,56	99 440,06
158/2012	28/06/2012	***	84 362,50	14 341,63	987,04	99 691,17
162/2012	04/07/2012	***	84 500,00	14 365,00	988,65	99 853,65
166/2012	08/07/2012	***	84 575,00	14 377,75	989,53	99 942,28
The sum			1 512 036.25	257 046.17	17 690.85	1 786 773.27

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

➤ There are several fake invoices for the supplier yy that do not have a commercial record.

The sum of these invoices amounting to: 1 512 036.25 DZD in addition to the stamp rights estimated at: 17 690.85 DZD will be added to the declared profit. Also, you are not entitled to a refund of the value-added fee for these invoices.

Year 2013:

Failure to declare the turnover collected on 3/17/2013 by the company *****, which is estimated at: 1 457 692.00 DZD outside the fee, will be subject to the value-added fee at a rate of 17%, according to the text of Article 21 of the Tax Law on the turnover as well Will be subject to the professional activity fee of 2%.

Year 2014:

➤ Failure to declare the deduct the guarantee within the invoiced turnover for work position No. 01 dated 08/31/2014 related to the project to prepare the road leading to *****, and accordingly, this amount, estimated at 139 290.00 DZD, will be added to turnover invoiced for this year and therefore will be added to the authorized profits.

➤ Failure to declare the turnover obtained on 01/05/2014 by the company ***** and estimated at 1 632 615.00 DZD outside the fee, will be subject to the value-added fee at a rate of 17%, according to the text of Article 21 of the Tax Law The fee on the turnover will also be subject to the professional activity fee at a rate of 2%.

➤ As well as the amount collected on 06/04/2014 and estimated at: 519 000.00 DZD outside the fee will be subject to the value-added fee and the professional activity fee.

Since the above-mentioned deficiencies do not affect accounting, the latter was accepted with the modifications described below.

Re-correcting turnover:

– **Invoiced turnover:** The turnover recognized in accounting were obtained from the positions of the works and the information obtained as follows:

Season 2011:

Table N°. (04): summarizes the turnover of completed works for the year 2011

Position number	Date	Amountwithoutfee	Feeamount	Amountwith all fee	Project	Manicipul
02+03	31/03/2011	9 213 411	7%	9 858 350	*****	Ben sherqi
04	22/05/2011	8 294 350	7%	8 874 955	*****	
05	30/06/2011	13 779 312	17%	16 121 796	*****	Mila
06	30/11/2011	796 881	17%	932 351	*****	
07	30/11/2011	454757	17%	532 066	*****	
01	30/09/2011	786 500	7%	799 477	*****	El Mensora
01	31/08/2011	10 928 357	7%	11 693 342	*****	Wadi El-Athmania
02	31/08/2011	6 234 701	7%	7 215 765	*****	
		465 500	17%			
03	30/11/2011	13 425 172	7%	14 364 934	*****	
04	30/11/2011	6 007 403	7%	6 427 921	*****	
02	31/08/2011	2 000 000	17%	2 340 000	*****	Sidi Khelifa
The sum		72 386 344		79 160 957		

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Table N°. (05): summarizes the turnover providing services for the year 2011

Position number	Date	Amountwithoutfee	Feeamount	Amountwith all fee	Project	Manicipul
002/2011	09/03/2011	240 000	17%	280 800	*****	
04/2011	11/09/2011	76 500	17%	89 505	*****	
04/2011	11/09/2011	99 000	17%	115 830	*****	
05/2011	11/09/2011	103 500	17%	121 095	*****	
06/2011	11/09/2011	85 500	17%	100 035	*****	
07/2011	01/10/2011	94 500	17%	110 565	*****	
08/2011	03/11/2011	67 500	17%	78 975	*****	
2011/05	16/10/2011	210 000	17%	245 700	*****	
The sum		976 500		1 142 505		

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Year 2012:

Table N°. (06): summarizes the turnover of completed works for the year 2012

Position number	Date	Amountwithoutfee	Feeamount	Amountwith all fee	Project	Manicipul
006/2012	31/01/2012	1 223 626	17%	1 431 642	*****	Mila
01/2012	31/01/2012	210 000	17%	245 700	*****	Ain El-Tin
002	30/01/2012	907 659	7%	971 195	*****	Mila
003	30/06/2012	1 951 066	7%	2 087 641	*****	EL Mensora
01	01/01/2012	7 338 979	7%	7 852 708	*****	
05	30/04/2012	10 227 000	7%	10 942 890	*****	Ben Sherqi
06	30/04/2012	23 636 437	7%	25 601 638	*****	Wadi EL Athmania
07	31/08/2012	245 000	7%	262 150	*****	
The sum		45 739 767		49 395 564		

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Note: The taxpayer canceled the following works positions and replaced them with other positions:

Table N°. (7): summarizes the taxpayer's abolition of work positions and compensate it in other positions

Position number	Canceled position amount	New position amount	project	Manicipul
01	7 308 608	7 338 979	*****	Ben EL-Sherqi
06	454 757	1 223 626	*****	Mila
07	796 881			
The sum	8 560 246	8 562 605		

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Accordingly, the invoiced turnover for the year 2012 is: $45\,739\,767 - 8\,860\,246 = 37\,179\,521$

Note: There is a turnover has been achieved for the sale of purchases as is, with a profit margin of 20%, which will be added to the invoiced business figure during the year 2012.

Estimated amount: $402\,000.00 * 1.20 = 482\,400.00$ DZ

Year 2013:

Table N°. (08): summarizes the turnover of completed works for the year 2013

Position number	Date	Amountwithoutfee	Feeamount	Amountwith all fee	Project	manicipul
007	07/01/2013	807 500	17%	944 775	*****	/
009	07/01/2013	62 000	17%	72 540	*****	/
009	07/01/2013	136 500	17%	159 705	*****	/
011	07/01/2013	67 350	17%	78 799	*****	/
012	07/01/2013	6 400	17%	7 488	*****	/
002	31/03/2013	12 000	17%	14 040	*****	/
003	30/04/2013	97 000	17%	113 490	*****	/
004	30/04/2013	24 000	17%	28 080	*****	/
006/13	02/06/2013	313 500	17%	366 795	*****	Ain EL-Tin
13/001	28/02/2013	6 822 000	17%	7 981 740	*****	/
01	28/02/2013	630 280	17%	737 428	*****	/
01	30/04/2013	3 855 676	17%	4 511 140	*****	Mila
01	16/05/2013	4 840 235	17%	5 663 075	*****	Ain EL-Tin
01	25/09/2013	516 278	17%	604 046	*****	/
01	30/05/2013	4 261 041	17%	4 985 418	*****	/
02	30/06/2013	329 100	17%	385 047	*****	
06	30/06/2013	898 753	17%	1 051 541	*****	
07	30/06/2013	201 200	17%	235 404	*****	
The sum		23 880 813	/	27 940 551		

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Table N°. (09): summarizes the turnover providing services for the year 2013

Invoicenumber	Date	Amountwithoutfee	Feeamount	Amountwith all fee	Project	Manicipul
007	07/01/2013	1 463 000	17%	1 711 710	****	/
001	09/10/2013	96 000	17%	112 320	****	Mila
002	09/10/2013	100 000	17%	117 000	****	
03	10/12/2013	264 000	17%	308 880	***	Sidi Marouan
The sum		1 923 000	/	2 249 910		

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Year 2014:

Table N°. (10): summarizes the turnover providing services for the year 2014

Invoicenumber	Date	Amountwithoutfee	Feeamount	Amountwith all fee	Project	Manicipul
001/14	18/01/2014	20 100	17%	23 517	*****	/
01	07/07/2014	1 204 000	17%	1 408 680	*****	Sidi Khelifa
01	09/07/2014	3 340 000	17%	3 907 800	*****	Mila
02	27/07/2014	5 343 726	17%	6 252 159	*****	Mila
/	30/07/2014	492 811	17%	576 588	*****	
01	30/07/2014	2 785 800	17%	3 259 386	*****	Mila
01	31/12/2014	5 704 111	7%	6 103 398	*****	Mila
The sum		18 890 548	/	22 101 941		

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Table N°. (11): summarizes the turnover providing services for the year 2014

Invoicenumber	Date	Amountwithoutfee	Feeamount	Amountwith all fee	Project	Manicipu l
002/14	25/02/2014	176 000	17%	205 920	*****	/
004/14	31/03/2014	588 000	17%	687 960	*****	
06	02/11/2014	1 549 600	17%	1 813 032	*****	
07	02/12/2014	6 863 300	17%	8 030 061	*****	
08	23/12/2014	301 750	17%	353 047	*****	
The sum		9 478 650	/	11 909 020		

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Table N°. (12): Indicates a summary of the invoiced turnover

Season	Recognizedinvoicetunover	Declaredinvoice turnover	Height
2011	73 362 844	73 152 845	210 000
2012	37 179 521	37 179 521	00
Turnover sale 2012	482 400	Nothing	482 400
2013	25 803 813	25 803 813	00
2014	28 369 198	28 229 907	139 291

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Collected turnover: obtained from the bank statement in addition to the amounts authorized in accounting.

Table N°. (13): summarizes the turnover obtained for the season 2011

Date	Statement	Amountwith all fee	Rate	Amountwithoutfee	Notes
06/01/2011	*****	969 839,91	17%	828 923,00	
06/01/2011	*****	9 192 690,00	17%	7 857 000,00	
06/02/2011	*****	7 852 707,66	7%	7 338 979,12	P B NO.01
16/05/2011	*****	548 730,00	17%	469 000,00	I 11/2010
05/06/2011	*****	9 858 350,31	7%	9 213 411,50	P B NO.2+3
29/08/2011	*****	2 340 000,00	17%	2 000 000,00	P B NO.01
14/09/2011	*****	16 121 795,51	17%	13 779 312,40	P B NO.05
28/09/2011	*****	7 215 764,64	7%	6 743 705,27	P B NO.02
28/09/2011	*****	11 693 341,99	7%	10 928 357,00	P B NO.01
24/11/2011	*****	799 477,25	7%	747 175,00	
29/12/2011	*****	14 364 934,47	7%	13 425 172,40	P B NO.03
29/12/2011	*****	6 427 921,50	7%	6 007 403,27	P B NO.04
The sum		87 385 553,24		79 338 438,97	

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Table N°. (14): summarizes the turnover obtained for the season 2012

Date	Statement	Amountwith all fee	Rate	Amountwithoutfee	Notes
26/01/2012	*****	245 700,00	17%	210 000,00	P B NO.01
29/02/2012	*****	971 195,00	7%	907 658,88	P B NO.02
11/06/2012	*****	10 942 890,00	7%	10 227 000,00	P B NO.05
12/07/2012	*****	25 601 637,80	7%	23 926 764,30	P B NO.06
12/08/2012	*****	8 874 954,73	7%	8 294 350,21	P B NO.04
07/08/2012	*****	2 087 640,94	7%	1 951 066,30	P B NO.03
17/10/2012	*****	262 150,00	7%	245 000,00	P B NO.07
12/11/2012	*****	1 431 642,42	17%	1 223 626,00	P B NO.06
25/12/2012	*****	733 590,00	17%	627 000,00	
The sum		51 151 400,89		47 612 465,69	

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Sales turnover, estimated at: $402\ 000,00 \times 1,20 = 482\ 400,00$ DZD This amount is considered cash acquired on December 31 2012 with a tendency.

Table N°. (15): summarizes the turnover obtained for the season 2013

Date	Statement	Amountwith all fee	Rate	Amountwithoutfee	Notes
07/01/2013	*****	2 656 485,00	17%	2 270 500,00	I NO.07/2013
07/01/2013	*****	159 705,00	17%	136 500,00	I NO.09/2013
07/01/2013	*****	78 799,50	17%	67 350,00	I NO.11/2013
07/01/2013	*****	72 540,00	17%	62 000,00	I NO.09/2013
11/03/2013	*****	7 488,00	17%	6 400,00	I NO.12/2013
17/03/2013	*****	1 705 500,00	17%	1 457 692,31	
02/06/2013	*****	155 610,00	17%	133 000,00	I NO.2/3/4/2013
25/07/2013	*****	700 556,22	17%	598 766,00	
01/07/2013	*****	5 663 074,95	17%	4 840 235,00	P B NO.01
02/07/2013	*****	4 511 140,45	17%	3 855 675,60	P B NO.01
02/10/2013	*****	366 795,00	17%	313 500,00	I NO.06/2013
The sum		16 077 694,12		13 741 618,91	

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Table N°. (16): summarizes the turnover obtained for the season 2014

Date	Statement	Amountwith all fee	Rate	Amountwithoutfee	notes
04/06/2014	*****	607 230,00	17%	519 000,00	
05/01/2014	*****	1 910 160,00	17%	1 632 615,38	
09/01/2014	*****	604 045,84	17%	516 278,50	P B NO.01
20/02/2014	*****	308 880,00	17%	264 000,00	I NO.03/2013
13/03/2014	*****	23 517,00	17%	20 100,00	I NO.01/2014
08/04/2014	*****	205 920,00	17%	176 000,00	I NO.02/2014
29/04/2014	*****	687 960,00	17%	588 000,00	I NO.04/2014
09/07/2014	*****	1 408 680,00	17%	1 316 523,36	P B NO.01
09/07/2014	*****	3 907 800,00	17%	3 340 000,00	P B NO.01
28/09/2014	*****	6 252 158,95	17%	5 343 725,60	P B NO.02
14/09/2014	*****	576 588,40	17%	492 810,60	
09/11/2014	*****	3 096 416,70	17%	2 646 510,00	P B NO.01
14/12/2014	*****	1 813 032,00	17%	1 549 600,00	I NO.06/2014
The sum		21 402 388,89		18 292 640,08	

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

✓ Value addedfee (TVA):

➤ Value added fee on purchases:

Year 2011:The value added fee will be retrieved of the invoices of the imaginary supplier**, which you deducted in the September 2011 permit estimated at: 228 332.00 DZD, will be retrieved as well as the value-added fee for the invoices that were deducted twice in a row:

- Invoice N°. E30345-2011 dated 05/26/2011 for a group ** and that was during my declarations of October and December 2011 in the amount of 14 009.00 DZD and therefore it will be reintegrated
- invoices N°. 24/2011 dated 09/08/2011 and No. 27/2011 dated 26/08/2011 for the supplier ** In September and December 2011 declarations, the amount of the fee to be reintegrated is, respectively: 357000.00 DZD, 369750.00.

The value added fee of purchase invoices that have not submitted the deposit receipts for the settlement process, estimated at: 36 994 DZD, is not eligible for a refund.

Table No. (17): summarized the value added fee on purchases :

Invoicenumber	Date	Supplier	Invoiceamount	Value addedfee
Invoicessum	2011	Imaginarysupplier	1 343 130	228 332
E30345-2011	2011/05/26	*****	82 406	14 009
2011/24	2011/09/08	*****	2 100 000	357 000
2011/27	2011/08/26		2 175 000	369 750
00101/2011	2011/08/09	*****	217 612	36 994
			The sum	5 918 148
			Penalties	251 522
			Toalsum	1 257 607

Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

➤ **Value added fee on turnover:** Realized turnover are subject to a value added fee at the rate of 7% and 17% in accordance with Articles 21 and 23 of the law of the fee on turnover.

Table N°. (18): summarized the value added fee on turnover

Year/ statement	Total turnover	Rate	rights	Previous balance	Fee/purch aces	Rights paid	Remainin g balance	Rights to pay	Penaltie s	The sum
2011	53 895 200	7%	3 772 664	6 684	10 396 973	384 660	2 697 698	/	/	/
	25 399 735	17%	4 317 955					/	/	/
2012	42 155 012	7%	2 950 851	2 697 698	1 547 232	/	298 297	/	/	/
	5 375 142	17%	913 774					/	/	/
Productssold turnover	482 400	17%	82 008					/	/	/
2013	13 741 619	17%	2 336 075	298 297	2 722 275	31 282	715 779	/	/	/
2014	18 292 640	17%	3 109 749	715 779	1 915 311	77 100		401 559	100 390	501 949

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Note: The remaining balance must be corrected since after the settlement process, you have no balance left on December 31, 2014.

✓ **Professional activity fee:**

The turnover collected is subject to the fee for the professional activity according to Articles 217-222 of the Direct Tax Code. The rights for the fee for the professional activity that are not paid are subject to:

- Increases are stipulated in Article 193 of the Direct Tax Law.

Table N°. (19): summarized the professional activity fee for 2011 season

Manicipul	The real turnover	Declared turnover	Fee amount	Due rights	Rights paid	Remaining to pay	Increases	The sum
Mila	24 465 235	24 465 235	2%	489 305	489 305	Nothing	Nothing	Nothing
Tadjnant	469 000	469 000	2%	9 380	9 380	Nothing	Nothing	Nothing
Wadi EL- Athmania	37 061 134	37 061 134	2%	741 223	741 223	Nothing	Nothing	Nothing
Qonstantine	17 299 565	17 299 565	2%	345 991	345 991	Nothing	Nothing	Nothing

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Table N°. (20): summarized the professional activity fee for 2012 season

Manicipul	The real turnover	Declared turnover	Feeamount	Due rights	Rightspaid	Remaining to pay	Increa ses	Th e sum
Mila	2 124 042	1 641 642	2%	42 481	32 832	9 649	965	10 614
Wadi EL-Athmania	34 108 437	34 108 437	2%	682 168	682 168	Nothing	Nothing	Nothing
Qonstantine	11 153 075	11 153 075	2%	223 061	223 061	Nothing	Nothing	Nothing
EL Miliya Jijel	627 000	627 000	2%	12 540	12 540	Nothing	Nothing	Nothing

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Table N°. (21): summarized the professional activity fee for 2013 season

Manicipul	The real turnover	Declared turnover	Fee amount	Due rights	Rights paid	Remaining to pay	Increases	The sum
Mila	9 009 411	9 009 411	2%	180 188	180 188	Nothing	Nothing	Nothing
Hamala	2 676 135	2 676 135	2%	53 523	53 523	Nothing	Nothing	Nothing
Qonstantine	598 766	598 766	2%	11 975	11 975	Nothing	Nothing	Nothing
Annaba	1 457 692	Nothing	2%	29 154	Nothing	29 154	2 915	32 069

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Table N°. (22): summarized the professional activity fee for 2014 season

Manicipul	The real turnover	Declared turnover	Fee amount	Due rights	Rights paid	Remaining to pay	Increases	The sum
Mila	13 130 603	13 130 603	2%	262 602	262 602	Nothing	Nothing	Nothing
Grarem Gouga	2 597 100	2 597 100	2%	51 954	51 954	Nothing	Nothing	Nothing
Qonstantine	492 811	492 811	2%	9 856	9 856	Nothing	Nothing	Nothing
Annaba	2 151 615	Nothing	2%	43 032	Nothing	43 032	4 303	47 335

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

Re-correction of industrial and commercial profits: It was obtained by adding the rise in the turnover to the declared net profit as well as the various unjustified costs with subtracting the professional activity fee corresponding to the increase in the turnover.

Table N°. (23): summarized the Re-correction of industrial profits:

Statement / season	2011	2012	2013	2014
Declared net profits	4 439 876	4 791 615	1 362 324	2 770 977
Increase registered in the turnover (+)	210 000	482 400	/	/
Undeclared warranty discount (+)	/	/	/	139 291
Non-deductible costs (+)	1 358 845	1 529 727	/	/
Consumption (-)	/	402 000	/	/
Professional activity fee (-)	/	9 649	/	43 032
Recognized net profit	6 008 721	6 392 093	1 362 324	2 867 236
Decraled net profit	4 439 876	4 791 615	1 362 324	2 770 977
Increase	1 568 845	1 600 478	/	96 259

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

- ✓ **Gross income Tax (IRG):** After reconfiguring the industrial and commercial profits, the rules subject to Gross income Tax and the rights due according to Article 104 of the Direct Tax Law are as follows:

Table N°. (24): summarized the gross income Tax:

Statement / season	2011	2012	2013	2014
Taxable bowl	6 008 721	6 392 093	1 362 324	2 867 236
Due rights	1 971 052	2 105 233	272 462	573 448
Paid rights	1 421 957	1 545 065	272 462	927 020
The difference to be paid	549 095	560 168	Nothing	Nothing
Increase amount	137 274	140 042	Nothing	Nothing
The sum	686 369	700 210	Nothing	Nothing

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

- ✓ **Stamp rights:** There is no settlement for this type of tax.

Table N°. (25) summarizes the details of the amendments and calendars

Season	Set fee and Tax	Receivables	Penalties	Total receivables
2011	Professional activity fee	/	/	/
	Value added fee	1 006 085	251 522	1 257 607
	Gross income Tax	549 095	137 274	686 369
	The sum	1 555 180	388 796	1 943 976
2012	Professional activity fee	9 649	965	10 614
	Value added fee	/	/	/
	Gross income Tax	560 168	140 042	700 210
	The sum	569 817	141 007	710 824
2013	Professional activity fee	29 154	2 915	32 069
	Value added fee	/	/	/

	GrossincomeTax	/	/	/
	The sum	29 154	2 915	32 069
2014	Professional activityfee	43 032	4 303	47 335
	Value addedfee	401 559	100 390	501 949
	GrossincomeTax	/	/	/
	The sum	444 591	104 693	549 284
The total sum		2 598 742	637 411	3 236 153

Source: Documents provided by the Sub-Directorate of Taxation (Tax Control Office).

The taxpayer's response to the initial notification:

On 08/16/2015, a summons was sent to the concerned taxpayer to attend to provide justifications for the shortcomings that were found in the accounting of the latter. The taxpayer has the legal right to grant him a period of 40 days to respond to the findings of the auditor and the amendments he made in the taxpayer's accounting that He declared it, as failure to obtain a response within the specified period is considered a tacit acceptance by the latter.

Mr. x, the owner of the Construction Works Corporation, sent the reply on 9/30/2015, and he made the following justifications:

- ❖ Your protest regarding purchases from the Foundation *** are actual purchases made by the Foundation in 2011, and the Foundation does not know that the latter does not have a commercial record;
- ❖ Your protest regarding the turnover, which is estimated at 1,457,692,00 and 1,632,615,00, are the advances that the corporation obtained from the corporation ***** in the years 2014 and 2014 respectively, and the corporation's failure to declare these precedents is due to the failure to collect the remaining amount of these The process by the aforementioned company and a legal dispute arises over the total amount related to this process.

Final notification:

After studying your response dated 09/30/2015 to the decision of the initial notification of the results of the accounting audit delivered to you on the date of 27-08-2015, it was reached:

- ❖ As for your first protest, it is rejected because the tax administration does not bear responsibility for your dealings with this resource and what you must do is resort to justice to prosecute it.
- ❖ As for your second protest, it is also rejected, considering that the event that creates the value added fee and the professional activity fee is total or partial achievement.

Accordingly, the final notification decision is as stated in the first notification (the corrected accounting that was sent in the initial notification is sent because no adjustments have been made due to the non-acceptance of the taxpayer's justifications).

End of auditing: After the auditor conducts the auditing process through the same previous steps, all these dues are re-registered in the tax returns. On the twenty-fifth of December, the Tax and accounting audit works were completed, as the minutes of the audit's completion were written.

Closure of the auditing: The auditing ends with the writing of the final report, in which it shows all the information, numbers and amounts, and the auditor takes the following notes:

- Notice of auditing;
- the nature of the violations.

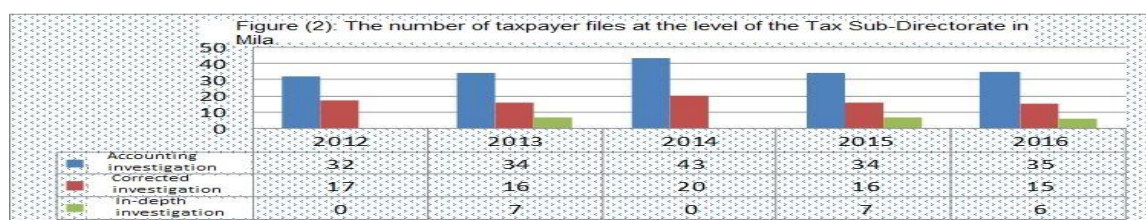
Then the audit team sends the final report to the tax sub-directorate for the mandate of Mila to be notified by its sub-officer, then to send it to the regional tax directorate in Constantine.

3.2.The number of tax evasion cases recorded at the level of the Tax Sub-Directorate at Mila during the 2012-2016 period:

Studying the effects of Tax control in combating tax evasion by analyzing and evaluating the impact of the various forms of Tax control used in Algeria, where the focus is primarily on accounting audit as well as an in-depth audit of the overall Tax situation and auditing aimed as the most effective in detecting fraud and tax evasion attempts.

3.2.1. The number of files studied at the level of the Tax Sub-Directorate in Mila:

In this case, the tax control seeks to retrieve the largest possible amount of money that has not been authorized by the evaders, and the following table shows the number of files studied by the tax administration - inclined - by following several types of tax control.



Source: Prepared by researchers, based on data from the Sub-Directorate of Tax Control in Mila.

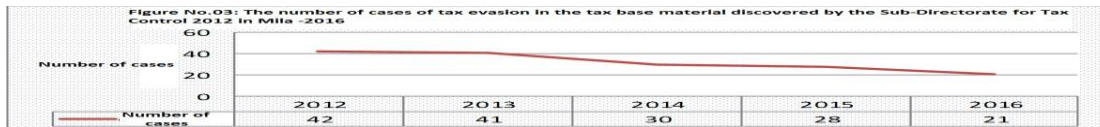
Through the previous data, we note that there is an increase in the number of files studied and this is due to the efforts made by the tax agents, but for the decrease this is due to the lack of observers in terms of number and the tax administration should provide the possible number of observers, as the provision of a sufficient number of observers results in the formation Good and accurate study of files.

3.2.2. The number of cases of tax evasion in the tax base material discovered by the Tax Sub-Directorate in Mila:

State directorates of taxation is concerned with the task of tax control at the state level, and information and statistics are collected at the state level, and accordingly

we say that the taxpayer evaded tax in the container through the following violations (an interview conducted by researchers with the sub-director of tax control):

- Recording fake operations in the accounting books;
- Providing fake invoices to prove commercial transactions in order to benefit from tax cuts or profits from realized profits; Failure to hold a systematic accounting that establishes accounting operations to show the taxpayer's financial position; Intentionally concealing the commercial transactions of the taxpayer.
- The data obtained through the state directorate of taxes are as follows:



Source: Prepared by researchers, based on data from the Sub-Directorate of Tax Control in Mila.

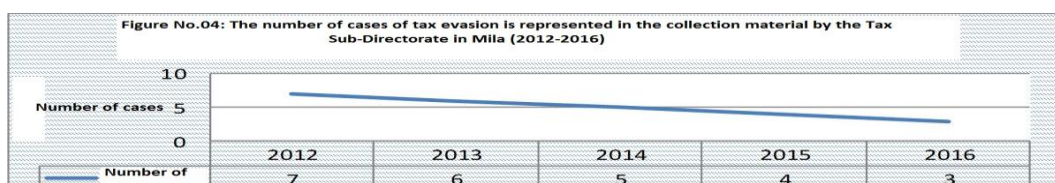
The graph curve represents the vascular audits carried out at the level of the Sub-Directorate for Tax Control with respect to external control (accounting audit, in-depth audit in the overall tax situation, corrected audit)

Through the curve, we note that there is a continuous rise in the period from 2012-2014 and then begins to decrease again starting from 2014 to stop at 21 in 2016, and this decrease is due to two main reasons: the Sub-Directorate seeks to make adjustments to these audits on the one hand And the difficulties that hinder the monitors' way in performing their duties and using this type of auditing in the best way, and the lack of acceptance by the tax payers because it is related to the financial liability of the taxpayer.

3.2.3. Tax evasion cases in the tax collection material discovered by the Sub-Directorate for Tax Control in Mila: We say that the tax payer evaded tax collection material according to the tax directorate if he performed the following operations (an interview conducted by the researchers with the sub-director of tax control):

Failure to pay the tax even though his financial position is good; not declaring his work address in order to evade payment; not receiving tax agents and preventing them from carrying out their duties; not fulfilling the promises agreed by the tax authorities; neglecting summons.

We summarize the statistics obtained by the tax directorate of Mila as follows:



Source: Prepared by researchers, based on data from the Sub-Directorate of Tax Control in Mila.

Through the figure above, we note that the tax evasion curve in the achievement curve is in a continuous decline by a successive percentage during the study years, in 2012, 7 cases were recorded, which is a large number compared to the number of files studied and this is due to several –reasons, including a lack of Tax control and human awareness and a lack of observers, while In 2016, there were 04 cases, meaning that there is an improvement in the tax system and quantitative and qualitative control of taxes.

4. Conclusion:

Tax control is a tool that cannot be achieved and embodied on the ground except by addressing the negatives, difficulties and deficiencies that surround this tool, whether from the internal or external environment in order to achieve the desired goals of oversight, which governments are working to achieve, which is to reduce the aggravation of the phenomena of fraud and evasion and limit their severe consequences. It is necessary to consider some procedures that give this tool credibility.

After the end of the training that we carried out at the level of the Sub-Directorate for Tax Control in Melilla, which was aimed at collecting as much information as possible regarding the mechanisms used to combat this phenomenon, we reached the following:

Results:

- Accounting audit is one of the best means of Tax control, but it remains insufficient to curb tax evasion. This is due to the existence of an administrative gap on the one hand, and the lack of human and material capabilities on the other hand; and the difficulty of the accounting audit process on the third side;
- The large number of amendments and loopholes related to tax legislation and its lack of clarity has weakened the role of Tax control and the inability of those in charge to keep pace with these changes, and this has opened the way for taxpayers to benefit from loopholes in the law and thus not achieve the desired goals of the tax system;
- Tax evasion is really when we want to confirm it, but it remains unknown when we want to evaluate it. This is due to the lack of an effective monitoring system on the one hand, and on the other hand, the lack of training courses for the various practitioners of this profession, including financial managers and Tax investigators.

Recommendations:

Similar to the reality experienced by the tax administration, some proposals and recommendations may be put forward, perhaps contributing to raising and increasing the degree of effectiveness of supervision on the one hand and the Algerian tax system on the other hand, by relying on the following pillars:

- The necessity of educating taxpayers and trying to convince them that all the deduction they offer is only a simple procedure that they can later benefit from as services provided by the state;
- Simplifying supervisory procedures and Tax investigations, while giving them more powers to fully perform them;
- Encourage training and support specialization for tax watchdogs;
- Establishing a central information system that collects the necessary information about the taxpayer and distributes it to private interests in order to narrow the scope of tax evasion;
- Confirm the permanent presence of management in the field through continuous interventions and repeated investigations to reveal undeclared practices and reveal sources of revenue by deploying its agents throughout all municipalities and departments, and this is for statistical purposes;
- Searching for tax information and placing it at the disposal of the administration and facilitating the circulation of monthly declarations of taxes and fees paid to install controls in place;
- Reconsidering the legal system of Algerian legislation, eliminating the contradictions in the various laws, and adapting them legally to the basic choices.
- It has also become necessary to activate the tax accounting auditing mechanisms, by adopting the international auditing standards and applying them in this field because the latter would facilitate the procedures for tax auditing, and training for the various tax auditors should be conducted in order to review these standards.

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