



FACTORS INFLUENCING TAX EVASION AMONG TAXPAYERS IN UZBEKISTAN: AN EMPIRICAL ANALYSIS

Zafar Akhmedov,

Independent Researcher, Academy of Public Policy and
Administration Under the President of the Republic of Uzbekistan

E-mail: zafar.akhmedov.82@gmail.com; zaxmedov@mdist.uz

Abstract

Purpose: Tax evasion remains a significant challenge to fiscal sustainability and socio-economic development in transition economies, including Uzbekistan. Despite extensive tax reforms aimed at reducing informality and strengthening compliance, tax evasion persists at high levels. This study aims to empirically examine the key behavioral, institutional, and regulatory factors influencing tax evasion among taxpayers in Uzbekistan.

Design/methodology/approach: This study adopts a quantitative, explanatory research design based on primary survey data collected from 759 registered taxpayers in Uzbekistan using a structured questionnaire. The data were analyzed using descriptive statistics, Pearson correlation analysis, and multiple regression techniques in SPSS version 24 to test the hypothesized relationships between tax evasion and its determinants.

Findings: The results indicate that moral obligation and perceived tax fairness have significant negative effects on tax evasion, while tax system complexity has a significant positive effect. In contrast, tax knowledge and trust in tax authorities do not exhibit statistically significant direct effects in the multivariate model. These findings suggest that intrinsic motivation, fairness perceptions, and regulatory burden play a more decisive role in shaping compliance behavior than enforcement or informational measures alone.

Research limitations/implications: The cross-sectional design limits causal inference, and reliance on self-reported data may introduce social desirability



bias. Future research should employ longitudinal designs, experimental approaches, or administrative data to validate and extend these findings.

Practical implications: The findings provide actionable insights for tax authorities and policymakers in Uzbekistan, emphasizing the need to simplify tax regulations, enhance procedural fairness, strengthen tax morale through education and public engagement, and expand digital tax administration, particularly for small and medium-sized enterprises.

Originality/value: This study contributes to the tax evasion literature by providing one of the first large-scale, empirical analyses of behavioral and institutional determinants of tax evasion in Uzbekistan, a post-transition economy that remains underrepresented in international research.

Paper type: Empirical research paper.

Keywords: Tax evasion; Tax compliance; Tax morale; Tax fairness; Institutional trust; Tax complexity; Uzbekistan; Shadow economy.

Introduction

Tax evasion represents one of the most persistent challenges to fiscal sustainability, social equity, and economic development across both developed and developing economies. Alongside money laundering and international bribery, tax evasion has been identified as a major source of illicit financial flows, undermining public institutions and weakening the social contract between citizens and the state (OECD, 2014; United Nations, 2020). It can be broadly defined as the deliberate misrepresentation or concealment of income, transactions, or financial information in order to reduce legally owed tax liabilities (Akhtar et al., 2019). The economic consequences of tax evasion are particularly severe in developing and transition economies, where limited fiscal capacity constrains public investment in infrastructure, education, healthcare, and social protection (Alleyne & Harris, 2017; Vousinas, 2017).

In Uzbekistan, substantial progress has been achieved in reducing the size of the shadow economy through wide-ranging economic and tax reforms. Official estimates indicate that the shadow economy declined from approximately 50% of GDP in 2017 to around 33–35% in 2024–2025. Despite this notable



improvement, informal economic activity continues to account for more than one-third of total output, significantly constraining tax revenue mobilization and the expansion of formal employment. Informal employment remains widespread, affecting an estimated 35–50% of the workforce, which exacerbates vulnerabilities in social protection coverage, pension systems, and labor market regulation. These structural challenges underscore the urgency of strengthening voluntary tax compliance and reducing tax evasion in Uzbekistan's post-reform context.

Empirical evidence suggests that tax evasion in Uzbekistan primarily manifests through underreporting of income and turnover, which accounts for approximately 73% of detected cases, as well as the inflation of expenses and false deductions, representing around 28% of violations. Survey-based diagnostics further reveal that administrative complexity and procedural burdens remain among the most frequently cited deterrents to compliance, with approximately 45% of taxpayers reporting that tax rules and procedures are excessively complex. Moreover, distrust in tax authorities and broader public institutions persists, with over half of respondents indicating low institutional trust, which undermines taxpayers' willingness to comply voluntarily. These patterns reflect not only administrative inefficiencies but also deeper behavioral and institutional constraints that shape compliance decisions.

Theoretically, tax evasion behavior has been examined through a range of economic, psychological, and institutional frameworks. Classical deterrence models emphasize the role of audit probability and penalty severity in shaping compliance decisions (Allingham & Sandmo, 1972). However, subsequent behavioral and institutional theories highlight that compliance cannot be fully explained by enforcement alone. The concept of tax morale underscores the importance of intrinsic motivation, social norms, and moral obligation in shaping taxpayers' willingness to comply (Torgler, 2007; Kirchler, 2007). Similarly, the Theory of Planned Behavior posits that attitudes toward taxation, subjective norms, and perceived behavioral control jointly influence individuals' compliance intentions and actions (Ajzen, 1991). Institutional trust theory further suggests that taxpayers are more likely to comply when they perceive tax authorities as fair, transparent, and service-oriented (Tyler, 2006; OECD, 2019).



Building on these theoretical foundations, this study empirically investigates the key determinants of tax evasion behavior among taxpayers in Uzbekistan. Specifically, the analysis focuses on the roles of tax knowledge (TK), perceived tax fairness (TF), moral obligation (MO), trust in tax authorities (TT), and tax system complexity (CT) in shaping compliance behavior. While international literature has extensively examined these factors in developed and selected developing economies, empirical evidence from post-transition and Central Asian contexts remains limited. In Uzbekistan, despite recent tax reforms aimed at simplifying procedures, broadening the tax base, and improving administration, there is a paucity of micro-level empirical studies that assess how these reforms interact with taxpayer perceptions, attitudes, and behaviors.

This study seeks to address this gap by providing original, survey-based evidence on the behavioral and institutional drivers of tax evasion in Uzbekistan's evolving tax environment. Accordingly, the research is guided by the following questions: (1) What factors significantly predict tax evasion behavior among taxpayers in Uzbekistan? (2) To what extent do these factors align with the country's institutional and policy context following the post-2025 tax reforms? By answering these questions, the study aims to contribute to the international literature on tax compliance while offering context-specific insights for policymakers seeking to enhance voluntary compliance, strengthen institutional trust, and reduce the size of the shadow economy.

The remainder of the paper is structured as follows. Section 2 reviews the relevant theoretical and empirical literature on tax evasion and its determinants. Section 3 outlines the research methodology and data. Section 4 presents the empirical results. Section 5 discusses the findings and their policy implications, and Section 6 concludes with key insights, limitations, and directions for future research.

The literature on tax evasion identifies a complex interaction of economic, behavioral, institutional, and socio-cultural determinants that shape taxpayers' compliance decisions. While early economic models emphasized deterrence mechanisms such as audit probability and penalties (Allingham & Sandmo, 1972), subsequent research has increasingly incorporated psychological, moral, and institutional factors to explain persistent non-compliance even in high-



enforcement environments (Andreoni et al., 1998; Kirchler, 2007). This expanded perspective has led to the development of integrated frameworks that recognize tax compliance as a function not only of rational cost–benefit calculations but also of intrinsic motivation, social norms, perceived fairness, and institutional trust. In the context of Uzbekistan, the literature remains limited despite the country’s significant structural reforms and persistent challenges related to informality, institutional trust, and administrative complexity. This study addresses this gap by synthesizing international evidence while embedding the analysis within the specific socio-economic, historical, and institutional context of Uzbekistan. By integrating behavioral, institutional, and economic perspectives, the study offers a holistic understanding of the determinants of tax evasion in a post-transition economy.

Conceptualizing Tax Evasion, Tax Compliance, and the Shadow Economy

Tax evasion is commonly defined as the deliberate concealment or misrepresentation of income, transactions, or financial information to reduce legally owed tax liabilities, constituting a criminal offense (Nangih & Dick, 2018; Akhtar et al., 2019). In contrast, tax compliance refers to the voluntary and accurate fulfillment of tax obligations, including registration, filing, reporting, and payment in accordance with tax laws (Kirchler, 2007; Palil, 2010; Singh & Bhupalan, 2021). While no universally accepted definition exists, compliance is widely understood as adherence to both the letter and the spirit of tax regulations (Devos, 2008). The shadow economy, also referred to as the informal, gray, or underground economy, encompasses economic activities and income that are deliberately concealed from public authorities to avoid taxes, social security contributions, or regulatory compliance (Schneider & Enste, 2000). In transition economies, the shadow economy is closely linked to institutional weaknesses, low trust in public authorities, and regulatory complexity, making it a critical context for analyzing tax evasion behavior.

Historical and Institutional Context of Taxation in Uzbekistan

Uzbekistan’s tax system has undergone several major transformations since independence in 1991, reflecting the broader transition from a centrally planned to a market-oriented economy. During the initial period (1991–1997), tax legislation was fragmented, with individual laws governing specific taxes. The



adoption of the Tax Code in 1997 marked a critical step toward systematization, consolidating major taxes and establishing a unified legal framework. Subsequent revisions in 2007 and 2019 further expanded and modernized the tax system, introducing new taxes, refining tax bases, and streamlining administrative procedures.

Despite these reforms, Uzbekistan continues to face structural challenges associated with its post-Soviet legacy, including a large informal sector, administrative capacity constraints, and historically low tax morale (Torgler, 2003; World Bank, 2021). International assessments, such as the World Bank's Doing Business indicators, highlight improvements in tax administration, including reductions in the number of payments and compliance time. However, compliance costs remain relatively high compared to regional and global benchmarks, reflecting ongoing procedural complexity, limited automation, and delays in post-filing processes. The persistence of informality and tax evasion in Uzbekistan must therefore be understood within a broader institutional and historical context, characterized by transitional reforms, evolving governance structures, and ongoing efforts to strengthen legal frameworks, administrative capacity, and taxpayer trust.

Determinants of Tax Compliance and Non-Compliance

The determinants of tax compliance and evasion have been extensively examined in the literature and can be broadly categorized into economic, demographic, behavioral, and institutional factors (Fischer et al., 1992; Jackson & Milliron, 2002). Economic factors include income level, tax rates, audit probability, penalties, and compliance costs (Trivedi et al., 2015; Okpeyola et al., 2019). Demographic variables such as age, education, gender, and business experience have also been found to influence compliance behavior, with higher education and experience generally associated with greater compliance (Kimenyi, 2013; Torgler, 2017).

Institutional factors play a particularly important role in shaping compliance behavior in developing and transition economies. These include the quality of governance, transparency, accountability, and the effectiveness of tax administration (Feld & Frey, 2007; Okonye & Oseni, 2018). High levels of corruption, weak enforcement, and complex regulations have been consistently



associated with lower compliance and higher levels of tax evasion (Estrin et al., 2006; Pavne & Saunoris, 2020).

Behavioral and psychological factors further enrich this understanding by emphasizing the role of attitudes, social norms, perceived behavioral control, and intrinsic motivation (Ajzen, 1991; Marandu et al., 2015). These factors are particularly salient in environments where formal enforcement mechanisms are limited or unevenly applied, as is often the case in transition economies such as Uzbekistan.

Tax Knowledge

Tax knowledge is widely recognized as a fundamental determinant of tax compliance. It encompasses both an understanding of tax laws and procedures necessary for voluntary compliance and the ability to identify legal loopholes for strategic tax avoidance (Jackson & Milliron, 2002). Adequate tax knowledge enables taxpayers to fulfill their obligations accurately and reduces unintentional non-compliance (Eriksen & Fallan, 2016; Fagariba, 2018).

Empirical studies consistently demonstrate a positive relationship between tax knowledge and compliance. Education and awareness campaigns conducted by tax authorities have been shown to improve taxpayers' understanding of tax obligations and enhance voluntary compliance (Jackson & Milliron, 1986; Alliances for Action, 2016; Afo & Kim, 2022). Conversely, limited access to tax information and insufficient taxpayer education contribute to misunderstanding, non-compliance, and increased opportunities for evasion (Lateef et al., 2015).

In the context of Uzbekistan, where frequent legislative amendments and evolving tax regulations may exacerbate informational asymmetries, tax knowledge becomes particularly salient. Accordingly, this study hypothesizes:

H1: Higher levels of tax knowledge are associated with a lower likelihood of tax evasion among taxpayers in Uzbekistan.

Tax Morale

Tax morale refers to the intrinsic motivation of individuals to comply with tax obligations, independent of external enforcement mechanisms (Torgler, 2003; Folan et al., 2017). Originating from the Cologne school of tax psychology, this concept emphasizes the role of moral values, social norms, and ethical considerations in shaping tax behavior (Mocetti, 2013). The literature highlights



that tax morale is influenced by social environment, cultural norms, religious beliefs, and perceptions of government performance (Waweru, 2014; Gee, 2016; Cummings et al., 2017). When taxpayers perceive that public resources are used effectively and equitably, their willingness to comply voluntarily increases. Conversely, perceived inefficiencies, corruption, or misallocation of public funds can erode tax morale and legitimize evasion (Erard & Feinstein, 1994; Luttmer & Singhal, 2014). In transition economies, where institutional trust is often fragile, tax morale plays a particularly critical role in sustaining compliance beyond formal enforcement (Torgler, 2002; Yildiz, 2019). This study therefore proposes:

H2: Higher levels of tax morale are associated with a lower likelihood of tax evasion among taxpayers in Uzbekistan.

Tax Fairness

Perceived fairness of the tax system is a cornerstone of voluntary compliance (Siahaan, 2005; Faizal et al., 2015). Tax fairness encompasses distributive justice (the perceived equity of tax burdens across individuals and groups), procedural justice (the fairness of decision-making and administrative processes), and policy fairness (the perceived legitimacy and rationality of tax rules) (Bobek, 1997; Chau & Leung, 2009). Empirical evidence consistently demonstrates that taxpayers who perceive the tax system as fair are more likely to comply voluntarily, while perceptions of injustice, inequity, or discrimination increase the likelihood of evasion (Cummings et al., 2009; Maseko, 2014; Mukasa, 2011). Procedural justice, in particular, has been shown to enhance institutional trust and tax morale, reinforcing compliance behavior (Kolodziej & Niesiobędzka, 2017; Niesiobędzka, 2014).

In Uzbekistan, concerns regarding uneven enforcement, selective incentives, and administrative discretion may undermine perceived fairness and legitimacy, thereby weakening compliance. Accordingly, this study hypothesizes:

H3: Higher perceptions of tax fairness are associated with a lower likelihood of tax evasion among taxpayers in Uzbekistan.

Trust in Tax Authorities and Government

Trust in tax authorities and government institutions plays a central role in shaping compliance behavior, operating as a psychological contract between



taxpayers and the state (Torgler, 2004; Feld & Frey, 2007). When taxpayers perceive authorities as honest, transparent, and accountable, they are more likely to report income accurately and fulfill tax obligations voluntarily (Ortega et al., 2012; Adekoya & Akintoye, 2019).

The literature distinguishes between generalized trust (trust in institutions) and particularized trust (trust in close social networks), with generalized trust being particularly relevant in contexts characterized by high corruption and institutional fragility (Alon & Hageman, 2013). Empirical evidence from transition economies indicates that low trust in public institutions is strongly associated with tax evasion and informal economic activity (Abdixhiku et al., 2017; Guzel et al., 2019).

Given Uzbekistan's transitional context and ongoing governance reforms, institutional trust emerges as a critical determinant of compliance. This study therefore proposes:

H4: Higher levels of trust in tax authorities and the broader tax system are associated with a lower likelihood of tax evasion among taxpayers in Uzbekistan.

Complexity of Tax Regulations

Tax system complexity refers to the difficulty taxpayers face in understanding, interpreting, and complying with tax laws and procedures (Milliron, 1985; Global MNC, 2020). Complexity may arise from frequent legislative amendments, intricate tax bases, ambiguous provisions, and burdensome administrative requirements, all of which increase compliance costs and create opportunities for evasion (Peter, 2009; Saad, 2014). Empirical studies offer mixed evidence regarding the relationship between tax complexity and compliance. Some scholars argue that greater complexity increases the size of the shadow economy and encourages evasion by obscuring legal obligations and increasing uncertainty (Peter, 2009; Abdul et al., 2020). Others suggest that complexity may, in certain contexts, reduce evasion by increasing the perceived risk of detection (Neck et al., 2012). However, the prevailing consensus is that excessive complexity undermines fairness perceptions, erodes trust, and increases both intentional and unintentional non-compliance (Milliron, 1985; Umar et al., 2015). In Uzbekistan, frequent amendments to tax legislation and



evolving regulatory frameworks have contributed to administrative complexity, despite ongoing simplification efforts. This complexity may weaken compliance by increasing informational asymmetries and procedural burdens. Accordingly, this study hypothesizes:

H5: Higher levels of perceived tax regulation complexity are associated with a higher likelihood of tax evasion among taxpayers in Uzbekistan.

Conceptual Framework

Drawing on the reviewed literature and theoretical perspectives, this study proposes a conceptual framework in which tax evasion is influenced by five key determinants: tax knowledge (TK), tax morale (MO), perceived tax fairness (TF), trust in tax authorities (TT), and tax system complexity (CT). Tax knowledge, morale, fairness, and trust are hypothesized to reduce tax evasion, while regulatory complexity is expected to increase it. This framework integrates economic, behavioral, and institutional dimensions, providing a comprehensive basis for empirical analysis in the context of Uzbekistan.

Independent Variables

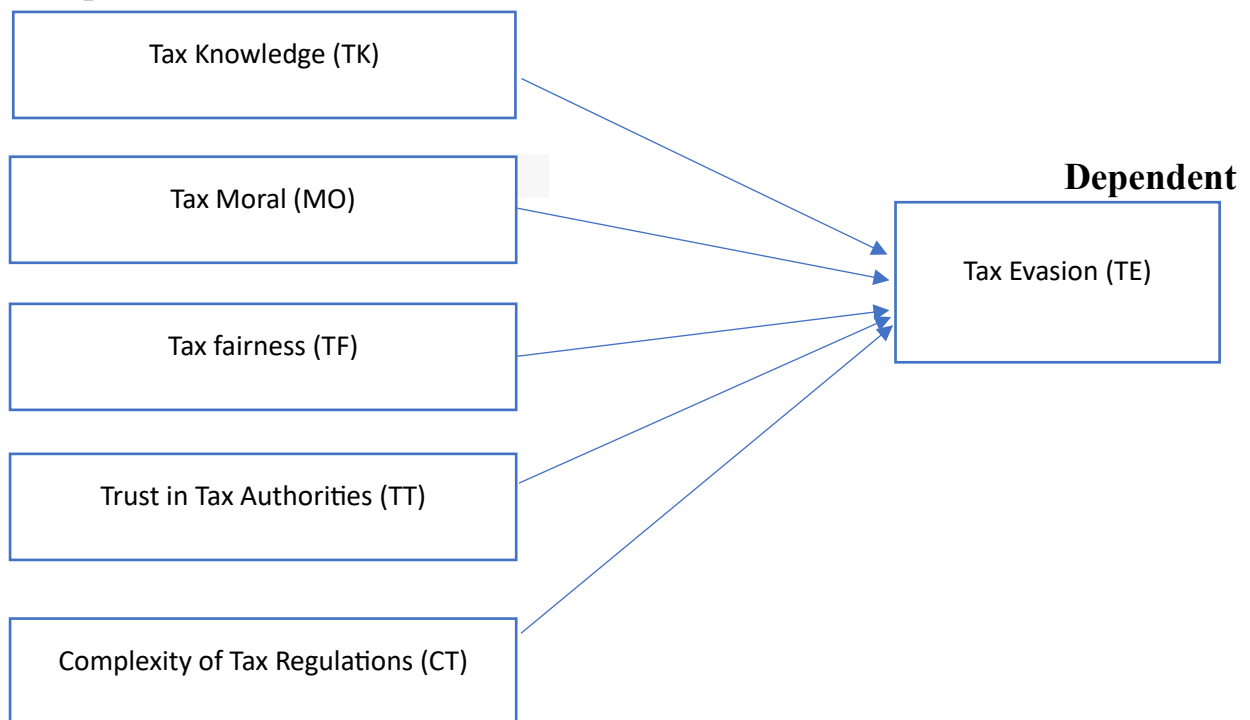


Figure 1. Conceptual framework of the study. Source: Author's construction (2026).



Methodology

Research Design

This study adopts a quantitative, explanatory research design to empirically examine the determinants of tax evasion behavior among taxpayers in Uzbekistan. A cross-sectional survey approach was employed to collect primary data, enabling statistical testing of hypothesized relationships between tax evasion and its behavioral, institutional, and regulatory determinants. This design is particularly suitable for identifying theory-driven patterns and testing causal relationships within a large population.

Population and Sampling

The target population comprises registered taxpayers in Uzbekistan, estimated to exceed 500,000 individuals and business entities. Using a simple random sampling technique, a total of 759 valid responses were obtained, exceeding the minimum sample size recommended for multivariate regression analysis and ensuring adequate statistical power.

The demographic profile indicates that 76% of respondents were male and 24% female. The dominant age group was 25–34 years (37%), followed by 35–44 years (29%), reflecting a relatively young and economically active sample. In terms of education, 61% of respondents held a bachelor's degree, while the remainder possessed secondary or postgraduate qualifications. Regarding business characteristics, 55% were owners or managers of small enterprises, and 16% represented medium-sized enterprises, indicating strong SME representation.

Data Collection and Instrumentation

Data were collected using a structured, self-administered questionnaire distributed electronically via Google Forms during September–October 2023. The instrument was developed based on validated measurement scales from prior tax compliance literature and adapted to the institutional context of Uzbekistan.

All constructs were measured using five-point Likert scales (1 = strongly disagree, 5 = strongly agree). The dependent variable, tax evasion (TE), captured



respondents' self-reported tendencies to underreport income, exaggerate expenses, or otherwise misrepresent financial information. Independent variables included tax knowledge (TK), tax morale (MO), perceived tax fairness (TF), trust in tax authorities (TT), and perceived tax system complexity (CT). The questionnaire was pilot-tested to ensure clarity, reliability, and contextual relevance. Minor wording adjustments were made based on feedback. Internal consistency was assessed using Cronbach's alpha, with all constructs exceeding the threshold of 0.70, indicating satisfactory reliability.

Data Analysis Techniques

Data analysis was conducted using SPSS version 24. Descriptive statistics were employed to summarize demographic characteristics and key perceptions. Pearson correlation analysis was used to assess bivariate relationships and detect potential multicollinearity.

Multiple linear regression analysis tested the study hypotheses and estimated the relative influence of each independent variable on tax evasion. The significance level was set at $\alpha = 0.05$. The regression model is specified as:

$$TE = \beta_0 + \beta_1TK + \beta_2MO + \beta_3TF + \beta_4TT + \beta_5CT + \varepsilon$$

where TE denotes tax evasion, TK tax knowledge, MO tax morale, TF tax fairness, TT trust in tax authorities, CT tax system complexity, and ε the error term.

Diagnostic tests confirmed that assumptions of linearity, normality, homoscedasticity, and multicollinearity were satisfied. Variance Inflation Factor (VIF) values were below the threshold of 10.

Results

Descriptive Statistics

The descriptive analysis indicates that respondents predominantly operate within the SME sector, accounting for approximately 71% of the sample, consistent with Uzbekistan's economic structure. Respondents identified key drivers of tax evasion, including distrust in the use of public revenues (53%), perceived insufficiency of government support to businesses (50%), and



complexity of tax rules and procedures (45–49%). These findings underscore the importance of institutional trust and regulatory burden.

Correlation Analysis

Table 1 presents the Pearson correlation coefficients among the study variables ($n = 759$). All reported correlations are statistically significant at the 1% level ($p < 0.01$).

Table 1. Pearson Correlation Matrix ($n = 759$)

Variable	TE	MO	TF	TK	TT	CT
TE	1.000	0.206	0.071	0.138	0.155	0.184
MO	0.206	1.000	0.434	0.425	0.574	0.553
TF	0.071	0.434	1.000	0.780	0.767	0.796
TK	0.138	0.425	0.780	1.000	0.769	0.811
TT	0.155	0.574	0.767	0.769	1.000	0.853
CT	0.184	0.553	0.796	0.811	0.853	1.000

It is important to note that the tax evasion (TE) scale is reverse-coded, such that higher values reflect greater compliance and lower evasion. Therefore, the positive correlations between TE and MO, TF, TK, and TT indicate that higher levels of moral obligation, fairness, knowledge, and trust are associated with lower levels of tax evasion. Conversely, the positive association between TE and CT indicates that greater perceived complexity is associated with higher tax evasion. High intercorrelations among independent variables suggest conceptual interdependence among institutional and cognitive factors; however, multicollinearity diagnostics confirmed that these correlations did not compromise the regression estimates.

Regression Analysis

Multiple regression analysis was conducted to assess the joint and individual effects of moral obligation, tax fairness, tax knowledge, trust in tax authorities, and tax system complexity on tax evasion. The overall model was statistically significant (F-statistic significant at $p < 0.05$), indicating that the independent



variables collectively explain a meaningful proportion of the variance in tax evasion behavior.

Table 2. Regression Results

Predictor	Unstandardized Coefficient (B)	Interpretation
Constant	1.240	Baseline level of tax evasion
Tax Knowledge (TK)	Not significant	H1 not supported
Moral Obligation (MO)	-0.055	H2 supported
Tax Fairness (TF)	-0.045	H3 supported
Trust in Tax Authorities (TT)	Not significant	H4 not supported
Tax Complexity (CT)	+0.022	H5 supported

The estimated regression equation is:

$$TE = 1.240 - 0.055(MO) - 0.045(TF) + 0.022(CT)$$

The results indicate that moral obligation and perceived tax fairness have statistically significant and negative effects on tax evasion, while tax system complexity exerts a statistically significant positive effect. Tax knowledge and trust in tax authorities, although theoretically important, did not exhibit statistically significant effects in the multivariate model.

Specifically, a one-unit increase in moral obligation is associated with a 0.055-unit decrease in tax evasion, holding other variables constant. Similarly, a one-unit increase in perceived tax fairness corresponds to a 0.045-unit reduction in tax evasion. In contrast, a one-unit increase in perceived tax system complexity leads to a 0.022-unit increase in tax evasion, indicating that regulatory burden and procedural difficulty significantly undermine compliance.

Interpretation of Findings

These findings suggest that intrinsic motivational factors (moral obligation) and perceptions of justice (tax fairness) play a more decisive role in shaping tax compliance behavior in Uzbekistan than cognitive awareness (tax knowledge) or institutional trust alone. Moreover, regulatory complexity emerges as a key structural constraint that exacerbates non-compliance, reinforcing the importance of simplification and procedural reform.



The insignificance of tax knowledge and trust in tax authorities in the regression model may reflect overlapping effects with fairness and moral obligation, as well as the possibility that knowledge and trust influence compliance indirectly through these mediating constructs. This interpretation aligns with behavioral tax compliance literature, which emphasizes that knowledge alone is insufficient to induce compliance in the absence of perceived fairness and moral legitimacy.

Discussion

This study aimed to identify key behavioral, institutional, and regulatory determinants of tax evasion in Uzbekistan using primary survey data from 759 taxpayers. The findings reveal that tax morale, perceived tax fairness, and tax system complexity are statistically significant predictors of tax evasion, while tax knowledge and trust in tax authorities do not exhibit significant direct effects in the multivariate model. The positive and significant effect of tax system complexity on tax evasion aligns with international evidence suggesting that complex regulations increase compliance costs, generate uncertainty, and create opportunities for both intentional and unintentional non-compliance (Milliron, 1985; Peter, 2009; Saad, 2014). In Uzbekistan's post-transition context, characterized by frequent legislative amendments and evolving administrative practices, regulatory complexity appears to be particularly salient. This finding reinforces the argument that simplification and regulatory clarity are essential components of effective tax administration. The significant negative relationship between tax morale and tax evasion highlights the central role of intrinsic motivation in shaping compliance behavior. This result is consistent with tax morale theory, which posits that ethical values, social norms, and civic duty exert strong influence on compliance beyond formal enforcement (Torgler, 2007; Kirchler, 2007). In Uzbekistan, where informal economic practices have historically been widespread, the observed association suggests that cultural norms and moral values may amplify or attenuate the effects of institutional reforms. This underscores the importance of fostering a compliance culture grounded in civic responsibility and social trust. Similarly, the negative association between perceived tax fairness and tax evasion supports procedural justice and equity-based theories of compliance. When taxpayers perceive the



tax system as fair—in terms of both the distribution of tax burdens and the transparency and consistency of administrative procedures—they are more likely to comply voluntarily (Cummings et al., 2009; Chau & Leung, 2009). In Uzbekistan, concerns regarding unequal enforcement, selective incentives, and administrative discretion may undermine perceptions of fairness, thereby weakening compliance. The empirical evidence confirms that fairness perceptions are a critical determinant of compliance behavior in the Uzbek setting.

By contrast, tax knowledge and trust in tax authorities do not emerge as statistically significant predictors in the regression model, despite their significant bivariate associations. This apparent inconsistency may reflect overlapping or mediated effects, whereby knowledge and trust influence compliance indirectly through moral obligation and fairness perceptions. For instance, greater knowledge may enhance compliance only when taxpayers perceive the system as fair and legitimate, while trust may reinforce moral norms rather than directly altering behavior. This interpretation aligns with behavioral compliance models emphasizing the interaction of cognitive, moral, and institutional factors (Feld & Frey, 2007; Luttmer & Singhal, 2014).

Overall, the findings suggest that tax evasion in Uzbekistan is shaped by a complex interplay of regulatory structure, moral norms, and fairness perceptions, rather than by enforcement or information alone. This integrated perspective contributes to the literature by demonstrating that in post-transition economies, behavioral and institutional dimensions may be more influential than purely technical or informational factors.

Policy Implications

The empirical findings yield several important policy implications for tax administration and fiscal governance in Uzbekistan, particularly in the context of ongoing post-2025 tax reforms.

First, the significant role of tax system complexity underscores the need for continued simplification of tax laws, procedures, and administrative processes. Policymakers should prioritize regulatory clarity, reduce the frequency of legislative amendments, and streamline compliance requirements, especially for



small and medium-sized enterprises (SMEs). The expansion of digital tax administration platforms, pre-filled tax returns, and automated reporting systems can substantially reduce compliance costs and minimize opportunities for evasion.

Second, the strong influence of moral obligation suggests that enforcement-based strategies alone are insufficient to achieve sustainable compliance. Tax authorities should complement enforcement with behavioral and educational interventions aimed at strengthening tax morale. Public awareness campaigns that emphasize the social value of taxation, highlight the link between tax revenues and public services, and promote civic responsibility can foster a culture of voluntary compliance. Integrating tax education into school curricula and professional training programs may further reinforce ethical norms related to taxation.

Third, the negative effect of perceived tax fairness on tax evasion highlights the importance of procedural justice and equity in tax administration. Policymakers should ensure that tax rules are applied consistently, transparently, and impartially across taxpayer groups. Enhancing grievance redress mechanisms, strengthening taxpayer rights protections, and improving communication between tax authorities and taxpayers can reinforce perceptions of fairness and legitimacy.

Fourth, although trust in tax authorities was not statistically significant in the regression model, its strong correlations with other determinants suggest that institutional trust remains a foundational element of compliance. Strengthening transparency in public financial management, publishing accessible information on the use of tax revenues, and demonstrating tangible improvements in public service delivery can enhance institutional credibility and reinforce taxpayers' willingness to comply.

Fifth, targeted support measures for SMEs should be expanded and refined. Given that SMEs constitute the majority of the sample and are particularly sensitive to compliance costs and regulatory burdens, simplified tax regimes, risk-based audits, and advisory services tailored to SMEs can reduce non-compliance while supporting formalization and business growth.



Conclusion

This study provides empirical evidence on the determinants of tax evasion among taxpayers in Uzbekistan, drawing on survey data from 759 respondents and integrating behavioral, institutional, and regulatory perspectives. The findings demonstrate that moral obligation, perceived tax fairness, and tax system complexity are significant predictors of tax evasion, while tax knowledge and trust in tax authorities do not exert statistically significant direct effects in the multivariate model.

These results contribute to the international literature by highlighting the primacy of behavioral and institutional factors in shaping compliance behavior in a post-transition economy. In particular, the findings suggest that simplification of tax regulations, enhancement of procedural fairness, and strengthening of intrinsic motivation are more effective in reducing tax evasion than enforcement or informational measures alone. The Uzbek case thus reinforces the broader argument that sustainable tax compliance requires a balanced approach that integrates administrative efficiency, institutional legitimacy, and behavioral insights.

From a policy perspective, the study underscores the importance of aligning post-2025 tax reforms with behavioral and institutional realities. Continued efforts to simplify tax procedures, enhance transparency, promote fairness, and foster tax morale are essential for reducing the size of the shadow economy, increasing domestic revenue mobilization, and strengthening the social contract between citizens and the state.

Despite its contributions, this study is subject to several limitations. The cross-sectional research design precludes causal inference and limits the ability to observe changes in behavior over time. Self-reported data may also be affected by social desirability bias, particularly in sensitive areas such as tax compliance. Future research should therefore employ longitudinal designs, experimental methods, or administrative data to validate and extend these findings. Further studies could also explore sector-specific dynamics, regional variations, and the role of digitalization and enforcement reforms in shaping compliance behavior. In conclusion, this study provides robust, context-specific evidence on the drivers of tax evasion in Uzbekistan and offers actionable insights for



policymakers seeking to enhance voluntary compliance and fiscal sustainability in a rapidly evolving economic environment.

References

1. Abdixhiku, L., Krasniqi, B. A., Pugh, G., & Hashi, I. (2017). Firm-level determinants of tax evasion in transition economies. *Economic Systems*, 41(3), 354–366. <https://doi.org/10.1016/j.ecosys.2017.03.003>
2. Adekoya, A. C., & Akintoye, I. R. (2019). Tax compliance and public trust: Evidence from emerging economies. *International Journal of Economics and Finance*, 11(7), 45–58. <https://doi.org/10.5539/ijef.v11n7p45>
3. Afo, S., & Kim, S. (2022). The effect of tax knowledge on tax compliance: Evidence from developing economies. *Journal of Public Economics and Development*, 4(2), 87–104.
4. Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
5. Akhtar, S., Akhtar, F., John, K., & Wong, S. (2019). Ethical behavior in tax evasion. *Journal of Business Ethics*, 154(1), 1–17. <https://doi.org/10.1007/s10551-017-3462-3>
6. Alliances for Action. (2016). Taxpayer education and voluntary compliance: Global best practices. United Nations Development Programme.
7. Allingham, M. G., & Sandmo, A. (1972). Income tax evasion: A theoretical analysis. *Journal of Public Economics*, 1(3–4), 323–338. [https://doi.org/10.1016/0047-2727\(72\)90027-0](https://doi.org/10.1016/0047-2727(72)90027-0)
8. Alleyne, P., & Harris, T. (2017). Factors influencing tax compliance among small and medium enterprises in Jamaica. *Journal of Accounting in Emerging Economies*, 7(4), 482–505. <https://doi.org/10.1108/JAEE-03-2016-0023>
9. Andreoni, J., Erard, B., & Feinstein, J. (1998). Tax compliance. *Journal of Economic Literature*, 36(2), 818–860.
10. Bobek, D. D. (1997). The effect of fairness perceptions on tax compliance. *Journal of the American Taxation Association*, 19(2), 62–82.



11. Chau, G., & Leung, P. (2009). A critical review of Fischer tax compliance model. *Journal of Accounting and Taxation*, 1(2), 34–40.
12. Cummings, R. G., Martinez-Vazquez, J., McKee, M., & Torgler, B. (2009). Tax morale affects tax compliance: Evidence from surveys and an artefactual field experiment. *Journal of Economic Behavior & Organization*, 70(3), 447–457. <https://doi.org/10.1016/j.jebo.2008.02.010>
13. Devos, K. (2008). Tax evasion behavior and demographic factors: An exploratory study in Australia. *Revenue Law Journal*, 18(1), 1–34.
14. Erard, B., & Feinstein, J. S. (1994). The role of moral sentiments and audit perceptions in tax compliance. *Public Finance*, 49(Supplement), 70–89.
15. Feld, L. P., & Frey, B. S. (2007). Tax compliance as the result of a psychological tax contract: The role of incentives and responsive regulation. *Law & Policy*, 29(1), 102–120. <https://doi.org/10.1111/j.1467-9930.2007.00248.x>
16. Fischer, C. M., Wartick, M., & Mark, M. M. (1992). Detection probability and taxpayer compliance: A review of the literature. *Journal of Accounting Literature*, 11, 1–46.
17. Guzel, S., Ozturk, I., & Aydin, M. (2019). The relationship between tax morale, institutional trust, and tax compliance: Evidence from emerging economies. *Economic Research-Ekonomska Istraživanja*, 32(1), 1–17. <https://doi.org/10.1080/1331677X.2019.1584453>
18. Kirchler, E. (2007). *The economic psychology of tax behaviour*. Cambridge University Press.
19. Kolodziej, S., & Niesiobędzka, M. (2017). Trust in government institutions, procedural justice, and tax compliance: A multilevel analysis. *Journal of Social Policy*, 46(1), 1–20. <https://doi.org/10.1017/S0047279416000430>
20. Lateef, O. M., Saheed, Z. S., & Akintola, K. G. (2015). The impact of tax knowledge on tax compliance: Evidence from Nigeria. *Journal of Accounting and Taxation*, 7(5), 76–87.
21. Luttmer, E. F. P., & Singhal, M. (2014). Tax morale. *Journal of Economic Perspectives*, 28(4), 149–168. <https://doi.org/10.1257/jep.28.4.149>



-
22. Maseko, N. (2014). Determinants of tax compliance among small and medium enterprises in Zimbabwe. *Journal of Economics and International Business Research*, 2(3), 48–57.
 23. Milliron, V. C. (1985). A behavioral study of the meaning and influence of tax complexity. *Journal of Accounting Research*, 23(2), 794–816. <https://doi.org/10.2307/2490839>
 24. Mukasa, J. (2011). Tax compliance among small and medium enterprises in Uganda. *African Journal of Business Management*, 5(27), 11385–11392.
 25. Neck, R., Wächter, J., & Schneider, F. (2012). Tax avoidance versus tax evasion: On some determinants of the shadow economy. *International Tax and Public Finance*, 19(1), 104–117. <https://doi.org/10.1007/s10797-011-9197-5>
 26. Niesiobędzka, M. (2014). Relations between procedural fairness, trust, and tax compliance. *Polish Psychological Bulletin*, 45(2), 193–203. <https://doi.org/10.2478/ppb-2014-0025>
 27. OECD. (2014). *Illicit financial flows from developing countries: Measuring OECD responses*. OECD Publishing.
 28. OECD. (2019). *Tax morale: What drives people and businesses to pay tax?* OECD Publishing.
 29. Okonye, E. I., & Oseni, M. (2018). Tax compliance and trust in government: Evidence from small businesses in Nigeria. *African Journal of Economic Review*, 6(2), 78–95.
 30. Peter, S. (2009). Tax complexity and compliance costs. *Journal of Tax Research*, 7(2), 1–22.
 31. Saad, N. (2014). Tax knowledge, tax complexity and tax compliance: Taxpayers' view. *Procedia – Social and Behavioral Sciences*, 109, 1069–1075. <https://doi.org/10.1016/j.sbspro.2013.12.590>
 32. Schneider, F., & Enste, D. H. (2000). Shadow economies: Size, causes, and consequences. *Journal of Economic Literature*, 38(1), 77–114.
 33. Torgler, B. (2003). Tax morale in transition countries. *Post-Communist Economies*, 15(3), 357–381. <https://doi.org/10.1080/1463137032000139072>



***Modern American Journal of Business,
Economics, and Entrepreneurship***

ISSN (E): 3067-7203

Volume 2, Issue 1, January, 2026

Website: usajournals.org

***This work is Licensed under CC BY 4.0 a Creative Commons
Attribution 4.0 International License.***

-
34. Torgler, B. (2007). Tax compliance and tax morale: A theoretical and empirical analysis. Edward Elgar Publishing.
 35. United Nations. (2020). Financial integrity for sustainable development. United Nations Publications.
 36. Vousinas, G. L. (2017). Shadow economy and tax evasion: The link between corruption and tax evasion. Journal of Financial Crime, 24(3), 475–489. <https://doi.org/10.1108/JFC-11-2016-0063>.