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THE IMPACT OF DIGITAL TECHNOLOGIES ON THE FIGHT AGAINST TAX EVASION - A FUNDAMENTAL ANALYSIS

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Abstract:

Efficient and transparent tax systems are fundamental to the economic health of a nation. In this context, digitization becomes an essential tool to combat tax evasion, a phenomenon that negatively affects state revenues and economic equity.

In this context, the aim of our research is to identify the impact that digital technologies have on the fight against tax evasion, through a fundamental research of the relevant literature on this topic and the legislation incident to tax evasion. Associated with this goal, we also set the following specific objectives: O1- clarification of the definition of tax evasion and its semantic dimensions through the prism of legal regulations and international doctrine; O2 - meta-analysis of relevant literature focused on the impact of digital technologies on the fight against tax evasion; O3 - identification of manifestations and forms of tax evasion in the new context of digitalized economies; O4 - evaluation of the impact and effects of tax evasion on sustainable economic development; O5 - identification of strategies and policies to combat tax evasion in the national and international context.

The results of the qualitative study conducted revealed that by adopting modern technologies, tax administrations can more effectively detect and prevent tax evasion attempts, thus ensuring better tax collection and supporting sustainable economic development.

The research can be useful for the state and tax regulators, who can undertake future strategies based on the expansion of digital technologies to combat tax evasion.

Keywords: tax evasion, digital technologies, tax avoidance, tax fraud

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1. INTRODUCTION

As stated in the summary section of this research, the paper focuses on the identification of the impact of digital technologies on the fight against tax evasion, carried out through a fundamental analysis of the literature and regulations on tax evasion.

In order to achieve the first objective of the research (O1), we propose in the following a clarification of the definition of tax evasion and its semantic dimensions through the prism of legal regulations and international doctrine.

Thus, at national level, the concept of tax evasion was legally defined for the first time by Law 87/1994, now repealed, but which serves as a basis for understanding the concept (Law 87/1994).

In the meaning of this normative act, tax evasion is represented by "the evasion by any means, in whole or in part, of taxes, duties and other amounts due by taxpayers to the general consolidated budget of the State".

The definition of the concept of tax evasion has evolved and it is currently defined by Law no. 241/2005 for the prevention and combating of tax evasion as "any means of evading tax obligations, concealment in various forms of sources and amount of taxable income" (Law 241/2005).

We also consider that it is necessary, for our study, to clarify the concept of "tax fraud", together with that of "*tax evasion*", because Romanian legislation lacks a clear legal framework for comparison with tax evasion. In order to clarify this concept, we will refer to the French doctrine and legislation, respectively to the Anglo-Saxon tax system.

In French doctrine and law, however, the two concepts are clearly distinguished, revealing that "tax evasion" takes advantage of legislative loopholes, whereas "*tax fraud*" directly violates the law.

Although both actions damage the state, it should be made clear that 'tax evasion' is carried out by apparently legal means and 'tax fraud' is carried out by obviously illegal means.

The Anglo-Saxon tax system also differentiates between the term *tax avoidance* and *tax evasion*. Thus, the concept of *„tax avoidance”* does not involve breaking the law, but merely exploiting its imperfections, whereas *„tax evasion”* involves directly breaking the law in order to illegally reduce tax liabilities.

Based on these clarifications, in recent Romanian doctrine, the author (Lamaj, 2023) proposes that "tax evasion" should be understood as the evasion of taxes without breaking the law, and "tax fraud" as the evasion of taxes by violating the legal rules.

Tax evasion is a form of tax minimization when a person is excluded from a category of tax payers by lawful acts and consequently does not pay the tax (Balashov and Sanina, 2023).
Thus, the phenomenon of tax evasion undermines the integrity of the tax system, directly affecting the government's ability to collect the revenue needed to finance essential public services such as education, health and infrastructure (Asnawi, 2023).

Coming back to the concept of tax evasion, in this paper, we will treat it as illegal behavior by which individuals or businesses attempt to avoid paying tax liabilities, i.e. the meaning of tax fraud.

Due to the importance and the economic and financial implications of the evasion phenomenon on the sustainable economic development of states, the literature is currently focusing on the prospects of implementing digital technologies and artificial intelligence in the fight against the evasion phenomenon.

2. LITERATURE REVIEW

In accordance with the purpose set for the present research, this section is dedicated to a literature review through a meta-analysis of the most relevant literature focused on the study of the impact of digital technologies on the fight against tax evasion.

Table no. 1. Meta-analysis of the impact of digital technologies on combating tax evasion

Article Title	Publication year	Purpose	Results/Implications
Alternative ways to manage cooperation in tax relations: challenges of digitalization and tax compliance (Puholovko, 2024)	**2024**	The study is focused on substantiating models to identify changes in tax relations due to the evolution of information technologies and to evaluate alternative options for ensuring the accuracy of tax reporting parameters	The results of the study reveal that the successful transformation of tax relations between the state and taxpayers requires more than electronic reporting, it requires a common source of information for tax risk assessment and tax compliance assessment.
Digitalization and the Changing Landscape of Tax Compliance (Challenges and Opportunities) (Hidayat and Defitri, 2024)	**2024**	The paper analyzes the impact of digital transformation on tax compliance by conducting a systematic literature review.	The results of the study reveal that digital transformation not only creates new tax compliance challenges, but also opportunities to increase the efficiency and openness of the tax system
Supporting Digitalization of ERP (SAP) Value-Added Tax Management Through Data Analytics Tools (Yordanova, 2024)	**2024**	The study investigates the function of data analytics tools in facilitating the digitization of the value-added tax (VAT) component within SAP, an enterprise resource planning (ERP) system.	The research results demonstrated that incorporating data analytics tools into SAP has a substantial positive impact on VAT administration.

Article Title	Publication year	Purpose	Results/Implications
Taxonomy of Financial Reporting in the Context of Digitalization (Vysochan et al., 2023)	**2023**	Study the use of financial reporting in the context of digitization, exploring ways to integrate new technologies into existing reporting systems.	The need to adapt and harmonize financial reporting systems to reap the benefits of digital technologies and to ensure greater transparency and efficiency.
The potential of an artificial intelligence (AI) application for the tax administration system's modernization (Saragih et al., 2023)	**2023**	Investigates the use of artificial intelligence to automate and optimize tax processes from data collection to audit.	Artificial intelligence can transform the way tax administrations operate, reducing the time and costs associated with traditional processes and improving their accuracy and efficiency.
Perception of Individual Assessee Towards E-filing of Income Tax Returns in Goa: An Empirical study (Amonkar, 2023)	**2023**	Analyzes the perception of individual taxpayers on e-filing of income tax returns in Goa, using empirical data to assess the acceptability and effectiveness of e-filing.	E-filing can improve tax compliance and taxpayer satisfaction while reducing errors and administrative costs.
Natural resources tax volatility and economic performance: Evaluating the role of digital economy (Ma et al., 2022)	**2023**	Assesses the volatility of resource tax and its impact on economic performance, examining the role of digital economy in stabilizing tax revenues.	Digitalization can reduce the volatility of resource tax revenues and improve economic performance through more stable and predictable tax administration.
Digitalization of the tax administration system (Nazarov et al., 2020)	**2022**	Examines aspects of implementing digital technologies in tax administration, including challenges and proposed solutions.	Digitization of tax administration can increase efficiency and transparency, reducing red tape and making it easier to detect and prevent tax evasion.
Tools of the digital Economy as Methods to Ensure the reliability of financial Statements (Chaikovskaya, 2022)	**2022**	Explores the impact of digitization on the reliability of financial statements and accounting methods, examining the associated benefits and risks.	Digitization can reduce errors and improve the reliability of financial statements, essential for management decisions and increase confidence in financial reporting.
Can Blockchain Revolutionize Tax Administration? (Mazur, 2022)	**2022**	Analyzes the applicability of blockchain in tax administration, highlighting the advantages of transparency and immutability of recorded data.	Blockchain can increase the transparency and security of tax data, facilitating audit processes and reducing tax fraud by ensuring the integrity of transactions.
Financial system in the conditions of digitalization (Baiguzina et al., 2021)	**2021**	This article examines the characteristics of the financial system under digitization, providing an overview of the technological impact on finance.	Digitization improves the efficiency, transparency and accessibility of financial services, contributing to a more robust and resilient financial system.
Transformation of Fiscal Policy and Fiscal Space under Conditions of Digital Technologies Expansion (Siniutka and Yutsyk, 2018)	**2018**	Meta-analysis of studies on the effects of fiscal multipliers to determine the effectiveness of different fiscal impulses in the context of digital technologies.	Identifying the most effective fiscal policies based on digital technologies helps to formulate economic policy recommendations, maximizing the positive impact of digitization on the economy.

Source: Author's own processing

Tax reporting is a core element of public financial management, essential for ensuring tax compliance and efficient tax collection. In the context of the widespread spread of digitization, emerging technologies and artificial intelligence, this sector has not remained unaffected by all these technologies either. Therefore, in what follows we will conduct a synthetic analysis of the impact of digitization and new technologies on tax reporting through the meta-analysis conducted earlier. Digital tax reporting involves the use of advanced technologies to facilitate the collection, transmission and analysis of tax data.

Thus, as can be seen in Table 1, the digitization phenomenon has a significant impact on accounting information control systems, as well as on company management (Socoliuc, 2023), but also on tax reporting, holding real prospects to revolutionize this field and ensure a higher collection of budget revenues, through increased efficiency and openness of the tax system.

Recent studies also show that the integration of digital technologies in tax reporting systems can bring multiple benefits, ranging from increased transparency and efficiency to improved tax compliance, an example being the integration of SAP and ERP to digitize the value added tax (VAT) component.

Another point to be made is that electronic tax reporting alone is not sufficient to achieve tax compliance, but rather a joint effort by the state, regulators and taxpayers is needed to create a common database to assess high-risk tax sectors and on this basis to target tax control actions.

The study by Vysochan et al. (2023) on the use of financial reporting in the context of digitization argues for the need to integrate new technologies into existing reporting systems, i.e. to adapt and harmonize financial reporting systems to reap the benefits of digital technologies, with important effects on increasing transparency and efficiency of reporting. The study also reveals that the adoption of digital technologies and taxonomies in financial reporting leads to simplified reporting processes, reduces errors, and facilitates more accurate and faster monitoring of tax data.
Research conducted by Saragih et al. (2023) investigating the use of artificial intelligence to automate and optimize tax processes demonstrates that artificial intelligence can transform the way tax administrations operate, with notable effects both in terms of reducing the time and costs associated with traditional tax administration processes and in improving their accuracy and efficiency.

The study also reveals that through the adoption of artificial intelligence in tax administration, the state and the regulatory and control bodies can identify taxpayers' evasive behaviors by analyzing large volumes of data and detecting anomalies that could not be easily observed by the human factor or could even be missed.

In addition, the integration of Artificial Intelligence (AI) and Machine Learning (ML) technologies enable advanced data analysis, machine learning algorithms can detect suspicious transactions or inconsistent tax returns, alerting tax authorities and allowing rapid intervention.

The study realiyat by Amonkar (2023), conducted in the same context of tax digitization, specifically researching trends in electronic tax filing and payment systems, highlights the significant benefits of e-filing and e-payment as digital payment tools. The author concludes that these systems simplify the tax compliance process, reducing administrative costs for both governments and taxpayers, with positive effects in terms of improving the accessibility and ease of tax payments.

Another conclusion from our review of studies is that the adoption of digital systems has led to increased tax compliance and reduced administrative costs, demonstrating the effectiveness of digital solutions in tax administration such as the use of e-invoices and other electronic documents.

Another important finding from the studies is that, in the context of digitization, international collaboration in tax reporting is becoming increasingly important.

The studies show that organizations such as the OECD and the European Union have an extremely important role in the context of tax digitization, in promoting initiatives for the automatic exchange of tax information between countries, facilitating the detection and combating of cross-border tax evasion.

These information exchange agreements allow tax authorities to access relevant data on the bank accounts and financial transactions of taxpayers located in other tax jurisdictions, ensuring more effective monitoring of their transactions, with notable effects on the prevention of tax evasion.

In our country, electronic reporting platforms such as RO e-Factura are a real example of how digitalization can transform tax reporting. Electronic reporting systems, such as e-Factura and online reporting platforms, enable taxpayers to fulfill their tax obligations in an easier, faster and more rigorous way. These platforms allow taxpayers to issue and submit invoices electronically, ensuring tax compliance and reducing the risk of evasion.

In addition, real-time access to tax data facilitates the monitoring and auditing of transactions, allowing tax authorities to quickly identify possible irregularities.

Another key aspect of digital tax reporting is the standardization of data formats and reporting processes. In this regard, international standards, such as SAF-T (Standard Audit File for Tax), have been developed to ensure uniformity and compatibility of tax data across different jurisdictions. These standards enable tax authorities to collect and analyze data in a consistent manner, facilitating information exchange and international collaboration in combating tax evasion (Suryanti, 2023).

An important aspect to note is the fact that starting in 2025, entities in Romania will be obliged to report SAF-T, which represents from our point of view a big step forward in terms of accounting and tax digitalization. What we consider important is the fact that by means of these standards accounting information will also be reported, not only tax information, which allows us to state that through the implementation of these standards we will witness in the coming years the digitalization of accounting and not only tax.

In conclusion, according to the literature researched by us, it emerges that digitization offers opportunities for improving tax reporting, but it is also associated with significant challenges for both the state and regulators as well as taxpayers. By implementing advanced technologies, standardizing processes and international collaboration, tax authorities can ensure more efficient tax collection and combat tax evasion more effectively.

At the same time, digital tax reporting not only simplifies taxpayers' interaction with tax authorities, but also enhances the transparency and integrity of the tax system, contributing to a fairer and more sustainable economy.

We have also observed that in the context of digitization, tax reporting perspectives are evolving rapidly, transforming the way taxpayers and tax authorities interact and manage tax information.

Digitization simplifies the reporting process, improves transparency, accuracy and administrative efficiency.

Thus, we advocate for the widespread roll-out of digitization of tax reporting as the benefits associated with this outweigh the costs associated with such an investment. We also believe, that our country is particularly suitable for tax digitization because, as we know, tax evasion in our country is high, and we believe that through tax digitization tax evasion can be considerably decreased.Thus, through this section, the second research objective - O2 has been achieved.

In the following section, in accordance with the proposed purpose, we will summarize the methodology of the present research, with emphasis on the research methods used to achieve the research aim.

3. RESEARCH METHODOLOGY

In accordance with the proposed purpose, the research methodology used incorporates research methods specific to the fundamental qualitative analysis of the literature, using both a literature review, considered by us relevant to the proposed purpose, and a meta-analysis of the most relevant studies published in the literature in the period 2018-2024, on the research topic proposed by us.

After identifying the most relevant literature focused on the topic "tax digitization", the authors proceeded to their detailed analysis and synthesized their most relevant results and conclusions in order to present a state of the art on the presented topic.

Also, the national legal basis on tax evasion and combating it was analyzed in evolution and on comparative criteria, in order to present the possibilities of updating and adapting it to the new realities imposed by the adoption of digital technologies in tax reporting.

Conceptual clarifications have also been made to some specific terms that are associated with the concept of tax evasion, in order to be able to correctly frame the terminology used in this paper.

Descriptive research, practical exemplification and problematization techniques were also used, which added to the theoretical-applicative research carried out by us.

Therefore, the research methodology is a mixed one, and designed in accordance with the aims and objectives set in this paper. Using these fundamental research techniques, we have deduced, based on the literature, several results, which we present, in a structured manner, in the following section.

4. RESEARCH RESULTS AND DISCUSSIONS

By applying the research methods described above, this section is dedicated to presenting in a summarized and structured manner the most relevant results of the research carried out, in accordance with the aim and objectives adjacent to it. Thus, in the first subsection of this part we will focus our attention on identifying the most relevant results and discussions derived from the literature review focused on highlighting the manifestations and forms of tax evasion, adapted to the new digitalized economy.

4.1. Results and discussions on the manifestations and forms of tax evasion in the new context of digitalized economies

Tax evasion is essentially a violation of the basic principles of the tax system, which are individuality and impersonality, directly involving the State by reducing budget revenues.

It materializes through a series of deliberate actions to evade the payment of the tax due, either by concealment of income or assets, or by other more sophisticated mechanisms involving complex legal and accounting structures.

It manifests itself in a multitude of forms, each with its own particularities. Understanding these manifestations is essential for developing effective counter strategies and creating a more robust and fairer tax system.

Forms of tax evasion can be grouped into several categories, each with their own characteristics that define how they operate and their impact on the tax system. These forms include evasion through the non-recording or understatement of income, the manipulation of accounting records, the inappropriate use of deductions and tax reliefs, and the complex structuring of transactions to disguise the tax reality.

In order to summarize and present them in a more concise and comprehensible form, we have opted for a tabular presentation of the forms of tax evasion present in national and international accounting doctrine. Thus, a brief presentation of the most common forms of tax evasion can be seen in Table no. 2.

Table no. 2. Forms of tax evasion

Category	Description	Examples
National tax evasion	Acts of evasion carried out within a single state, taking advantage of loopholes in national legislation.	Deliberate omission or delay in filing
International tax evasion	Involves multiple tax jurisdictions, taking advantage of economic globalization to transfer funds in order to minimize taxes owed.	Using offshore companies or tax havens to hide income or economic activities.

Category	Description	Examples
Classic tax evasion or tax evasion by concealment	Evading all or part of taxes by manipulating tax documentation.	Failure to file tax returns, filing incorrect returns, artificially increasing expenses.
Tax evasion by distortion of valuation	Incorrect valuation of assets to minimize taxes owed.	Undervaluation of stocks, overvaluation of provisions.
Tax evasion by legal devices	Using legal structures to disguise the true nature of transactions or organization to reduce the tax burden.	Declaring a commodatum contract as a rental contract.
Tax evasion by accounting devices, or fraudulent tax evasion	Manipulating accounting records to distort the economic reality of an entity.	Falsifying tax registers and records, falsifying balance sheets.

Source: adapted by author after Petric, 2023

National tax evasion takes place within the borders of a single country and is therefore associated with transactions that take place within the borders of a single country and often manifests itself in the omission of certain entries in the accounting records, with an impact on the taxation of that company and therefore on the national consolidated budget of that country.

International tax evasion is a form of tax avoidance that has developed greatly in recent decades as a result of the widespread globalization of business, transnational business and the expansion of multinational companies around the world. This form of tax evasion most often takes the form of exporting profits to subsidiaries of the same group of companies based in tax havens or carrying out intra-group transactions in order to deduct tax.

In line with the above, the study conducted by Kitsios et al. (2023) and focused on the hypothesis that the use of digital technologies provides an opportunity to reduce fraud and increase government revenues, demonstrates that international fraud can be mitigated by the use of digital technologies at the border and that the reduction of commercial fraud through digitization could be substantial.

One of the most common forms of evasion is by concealment, which involves hiding income or assets to reduce the tax base, in understating the amount of taxable matter or using other ways or means to evade the tax due (Gyuricza et al, 2017).

This type of evasion may involve preparing false accounting records, intentionally understating inventories or overstating expenses. Through these methods, taxpayers artificially lower their tax liabilities, damaging the state budget and creating distortions in the market.

Tax evasion by distorting the valuation is manifested in the form of decreasing the value of inventories, overestimation of depreciation, amortization and provisions, carried out with the aim of postponing the recording of profit in the accounts in the future and therefore postponing the payment of profit tax (Tebieș, 2022).

Another common mechanism is legal tax evasion (also known as tax evasion by hiding the nature of the transaction), whereby the real nature of income is hidden or the legal structure of transactions is manipulated in order to obtain unjustified tax advantages. An example in this respect would be the registration of a sales contract that may be disguised as a loan contract in order to evade taxation, or when a joint venture contract is covertly transformed into an employment contract so that the beneficiary can obtain certain advantages from being an employee or vice versa (Tebieș, 2022).

Another form of evasion is the accounting tax evasion or fraudulent tax evasion aimed at convincing the tax authority that the accounting documents are part of a correctly kept accounting. This type of evasion consists in the use of false documents, with the aim of increasing expenses, but also of reducing income, reducing taxable profit and, consequently, tax liabilities owed to the state (Bălan, 2024).

The increase in business complexity, as well as the large-scale expansion of transnational businesses, have created the prerogative of expanding the forms of tax evasion. In this regard, the state and regulatory bodies have had to make considerable efforts to identify ways to combat the evasion phenomenon. For these reasons, we believe that an effective fight against tax evasion requires strict legislative measures and rigorous control, coupled with increased international cooperation in order to identify and combat cross-border methods of tax evasion. As previously mentioned, national tax authorities as well as international tax authorities must continuously adapt to new tax evasion schemes, generated by the expansion of transnational businesses. One of the most effective ways to combat this type of tax evasion is represented by the use of digital technology and data analysis, in order to detect areas with high tax risk, prevent and reduce tax evasion to an acceptable level.

For these reasons, we believe that international bodies with tax responsibilities as well as national states, through regulatory bodies, must intensify investments in tax digitalization, especially in the "sensitive" sectors of their economies, in order to prevent or counteract the evasion phenomenon. These conclusions were also reached by Amzuică et al. (2023) who, in a study focused on exploring the impact of business digitalization on several aspects of tax evasion, highlight a negative and significant relationship between the adoption of digitalization in business and tax evasion, digitalization having a considerable impact on reducing tax evasion.

4.2. Impact and effects of tax evasion on sustainable economic development

As noted in the previous section, the forms in which tax evasion manifests itself are diverse and complex.

It follows that the economic impact of tax evasion is also significant and multifaceted. In the following section we will therefore attempt to summarize the impact and then the effects of tax evasion on sustainable economic development.

In terms of the impact of tax evasion, firstly, tax evasion undermines economic stability and reduces tax revenues (Okeke et al., 2024; Ozili, 2020) available to governments to manage the economy, contributes to the decrease in resources available for public investment and social spending, negatively affecting the quality of life of citizens.

Moreover, tax evasion can contribute to economic instability (Okeke, et al., 2024), with the problem of tax evasion being directly related to the level of revenue collection (Popescu and Stanciuc (Socoliuc), 2022). Reduced tax revenues force governments to resort to external borrowing or to increase taxes on honest taxpayers, which can create a vicious circle of indebtedness and increasing the tax burden.

Secondly, tax evasion is a form of unfair competition in the market (Medrega, 2013) that affects any business, favoring those enterprises that “unorthodoxly” reduce their tax obligations to the detriment of those that comply with the law, and the economy cannot function under conditions where competition is affected. This distorts market mechanisms and can discourage legitimate investment and innovation.

According to Di Marzio et al. (2023), combating tax evasion not only increases tax revenues and promotes tax fairness, but can also increase market efficiency by leveling the playing field.

In addition, thirdly, tax evasion can undermine public trust in state institutions and the fairness of the tax system, which can lead to reduced tax compliance and the perpetuation of evasive practices. These aspects were also taken into account in the research conducted by Gërxhani and Wintrobe (2021). Thus, the research undertaken by them reveals that the government should promote a democratic approach that encourages mutual understanding between the government and taxpayers in order to build trust and consensus between the state and taxpayers, as a measure to reduce tax evasion. In addition to trust in the government, Olushola et al. (2024), consider that the fairness of the tax system, tax simplicity, tax importance, tax projection tendency and easy access to credit by companies, are effective measures aimed at mitigating tax evasion. The study by Marta and Shahrour (2024) highlights the impact of digitalization on deterring tax evasion behavior, as well as the potential benefits of technological advances in improving the ability of governments to reduce tax evasion. Thus, the authors advocate for the expansion of tax digitalization as a measure to mitigate the inflationary phenomenon. In line with the previously cited study and the study by Al-Asfour and McGee, (2024) highlights that tax policy reforms, technological advances, and changes in societal values will undoubtedly shape the future landscape of tax compliance and tax evasion.

Two fundamental conclusions can be drawn from the above studies. The first conclusion we can draw is that tax evasion has a profound economic impact, undermining state revenues, creating market inequalities and negatively affecting macroeconomic stability. The second key conclusion is that effectively combating tax evasion by implementing measures to digitize and modernize tax systems is an essential step to ensure sustainable and equitable economic development.

In the remainder of this section, we will deal with the multifaceted effects of tax evasion, and then in the next section we will identify strategies and policies to combat tax evasion in the national and international context.

Thus, in order to meet this research objective as well, and to enhance the comprehensibility of these effects for the users of this research, we have agreed on a tabular presentation of the effects of tax evasion, categorized into distinct categories, followed by a summary description of each effect and their influence on the formation of government revenues. The aspects described above are summarized in Table 3 as follows:

Table no. 3. Effects of tax evasion

Category	Effects	Description
Social	Declining quality of public services	Reduced state revenues affect the financing of education, health and infrastructure or other public services, generating lower quality public services.
	Increasing social inequalities	Tax evasion carried out by wealthy companies increases the inequality of income and welfare between different social classes.
	Negative perception of tax justice	Honest taxpayers perceive a state of dissatisfaction and become demotivated to pay taxes and fees, undermining tax compliance and trust in state institutions, because they have as a negative example the evasive ones who prosper in their businesses.
	Damaging investment in human capital	Reducing state revenues limits investments in education and vocational training, affecting the development of human capital and the sustainable development of society.
	Growth of the underground economy	Illicit revenues obtained from tax evasion are often hidden and reinvested in the underground economy, which is growing and becoming more complex.
Economic	Reduction in budget revenues	Governments collect fewer taxes and fees, affecting the ability to finance essential public projects and maintain a balanced budget.
	Unfair competition	Companies that do not pay taxes can offer lower prices, distorting the market and harming legitimate businesses that follow the law.
	Increasing tax burden on honest taxpayers	Revenue losses from tax evasion cause governments to raise taxes and fees for honest taxpayers, creating a vicious circle of tax resistance.
	Economic instability	Unstable and unexpected tax revenues can lead to external borrowing and tax increases, affecting macroeconomic stability.
	Decrease in public and private investment	Reduced revenues and increased taxes discourage investment in infrastructure and innovation, limiting long-term economic growth.
	Discouragement of foreign direct investment (FDI) or even divestment	Tax evasion leads to increased taxation, which leads to a lack of interest from potential international investors or even discourages current international investors, who may move to countries with more predictable tax systems and lower taxation.
Political	Negative perception of	Taxpayers who feel wronged by the tax system lose trust in the

Category	Effects	Description
	government	authorities and the government, which can lead to political instability.
	Reduced tax compliance	Lack of trust in the government and in the efficiency of tax measures can lead to low compliance and the perpetuation of tax evasion.
	Impact on election campaigns	The issue of tax evasion becomes a central issue in electoral campaigns, influencing election results and political priorities.
	Pressure on governments to reduce tax evasion	Membership in international organizations, such as the EU and OECD, requires governments to adopt strict measures to combat tax evasion, influencing national tax policies.
	Influencing public policies	Tax evasion and corruption can negatively influence the legislative and administrative process, affecting the quality and impartiality of political decisions.
	Downgrade of country rating	High tax evasion is perceived by rating agencies as a lack of coherence in government public policies, which will give a negative or decreasing rating for the country.

Source: Author's own processing after Khaltar, 2024; Abu Huson et al., 2024; Kago and Musa, 2024

From the above, it is therefore observed that tax evasion has multiple effects on states and citizens alike. We believe that investments in digitalization and implicitly the digitalization of tax systems can offer viable solutions to address these challenges and achieve the goal of reducing tax evasion, with important effects on a higher degree of collection of budget revenues and thus ensuring the premises for sustainable economic development. We believe that by adopting modern technologies by the state, such as electronic reporting platforms, at the level of the tax system, a more efficient and transparent monitoring of tax transactions can be achieved and thus transactions suspected of tax evasion can be limited or even eliminated, with important effects on the growth of budget revenues and implicitly on economic development.

Thus, in our opinion, through these tools, anomalies and suspicious behaviors can be identified quickly and precisely by the state and control bodies, thus facilitating prompt interventions by tax authorities.

As we noted in the previous chapter, the implementation of electronic reporting platforms, such as e-invoice and transport monitoring systems (RO e-transport), have contributed to simplifying administrative processes and reducing errors and inefficiencies.

These platforms also allow tax authorities to access in real time the information necessary to monitor tax compliance and detect tax evasion activities. We can conclude by stating that the state and international organizations with public and fiscal policy responsibilities must continue to work together on this line of adopting digital technologies in combating tax evasion, because only in this way can the desideratum of tax equity, tax compliance, tax stability and predictability be ensured, as real premises for ensuring sustainable economic development.

4.3. Results and discussions related to the identification of strategies and policies to combat tax evasion in the national and international context

As we could also observe from the previous sections, tax evasion is a complex problem with significant consequences or effects on economic, social and political structures, manifesting itself in various forms and methods and requiring a strategic, coordinated and synergistic approach for an effective fight.

A thorough understanding of the mechanisms by which tax evasion is carried out and its impact enables state institutions to develop tailored legislative and administrative responses. This adaptation is essential not only to recover lost revenue, but also to restore fairness and public confidence in the tax system, with important effects on sustainable economic development.

For these reasons, we are of the opinion that combating tax evasion requires an integrated approach, including the improvement of tax legislation, the strengthening of institutional enforcement capacities as well as international cooperation with other countries and with the relevant regulatory bodies.

Thus, regarding measures to improve tax legislation, Mansour et al. (2023) underline the major importance of tax legislation vis-à-vis the evasion phenomenon. In the author's view, legislation must be clear and comprehensive in order to leave as little room for interpretation as possible that can be exploited by evaders. In this sense, we believe that a clarification of the rules regarding mandatory tax documentation as well as the sanctions applicable for non-compliance can discourage practices of under-declaration of income or use of false documents.

From this last aspect results the importance of awareness campaigns carried out by the state through control bodies, but also of the importance that belongs to economic and legal educational institutions as well as professional bodies in making future and current accounting professionals aware of the major role that they play in preventing and combating the evasion phenomenon.

Regarding the strengthening of institutional law enforcement capacities, we believe that tax institutions must be equipped with the necessary material and logistical resources to be able to effectively monitor and audit taxpayers, thus quickly identifying any irregularities and suspicious or evasive behaviors.

In this sense, we believe that the use of technology, such as advanced information systems and data analysis, can support the detection of suspicious behavior patterns and can improve the efficiency of tax inspections and controls.

At the same time, digitalization plays an essential role in modern strategies to combat tax evasion. Digital technologies allow for more efficient and transparent monitoring of economic transactions, reducing opportunities for evasive behavior. The use of electronic reporting platforms, such as E-invoice, E-transport and the implementation of advanced data analysis systems based on artificial intelligence, allow tax authorities to quickly and accurately identify anomalies and suspicious transactions. These technologies improve administrative efficiency and facilitate the early detection of tax evasion, allowing for effective interventions.

Also, another important resource, along with material and logistical ones, is represented by human resources, which must be able to use these technologies and software. Therefore, the training and retention of qualified personnel within the tax authorities is crucial, as it ensures that the laws are applied consistently and fairly and that evasive behaviors can be discovered in their early stages and thus avoided, or even detected later and the necessary measures taken to recover money to the state budget.

These measures to strengthen the fight against tax evasion internally must be accompanied by external measures. Thus, tax evasion requires the adoption of international cooperation and coordination measures, given its cross-border nature, as a result of the increased development of transnational businesses. Thus, international collaboration is another essential pillar in the strategy to combat tax evasion. Therefore, the exchange of information between countries can prevent the use of offshore jurisdictions to hide income. Thus, the measures to be taken must be represented in the first instance by the signing of bilateral and multilateral agreements, which are essential in this regard, coupled with adherence to international standards of reporting and tax transparency, which can significantly reduce the evasion phenomenon. In a modern economy, where capital and goods circulate freely across borders, cooperation between states is vital to effectively combat cross-border tax evasion. Agreements on the automatic exchange of tax information between countries, as well as collaboration within international organizations such as the Organization for Economic Co-operation and Development (OECD) and the European Union (EU), are particularly important for detecting and punishing tax evasion globally. Through these agreements, countries can share information on bank accounts, financial transactions and other relevant data, facilitating the identification of taxpayers who are trying to hide income in foreign jurisdictions.

If in what was described above we spoke of corrective measures or sanctions for tax evasion behaviors, I know that more important than these are preventive measures. Therefore, in the following we will point out a series of measures for a preventive approach to this scourge. We believe that the most important measure that can be taken by the state, regulatory bodies, professional bodies and educational institutions is represented by tax education. Under this last aspect, the research carried out by Kumi-Dumor et al. (2023), reveals that tax education plays a significant role in this process, contributing to increasing awareness of tax obligations and understanding the consequences of tax evasion. From what was stated above, we deduce the colossal importance of state information campaigns on the effects of tax evasion. In our view, the state must undertake holistic information measures and strategies regarding taxpayers' tax obligations, the necessary sanctions for tax evaders, as well as the macroeconomic implications and effects of tax evasion on sustainable economic development.

In this respect, tax education and public awareness are also important components of strategies to combat tax evasion. In our view, these promotion campaigns must be designed systematically and involve several institutions with tax-related responsibilities: the State and the bodies responsible for coordinating, regulating and controlling tax, criminal prosecution bodies (police and prosecutors' offices), professional bodies in the fields of accounting, auditing and tax consultancy, and higher education institutions.

It is essential that both taxpayers and tax administration employees are well informed about the importance of tax compliance and the consequences of tax evasion. Tax information and education campaigns can help change attitudes and behaviors, promoting a culture of tax compliance and integrity. However, effective and transparent tax administration is also necessary to ensure the success of these strategies.

These aspects are also reinforced by research by Hurloiu et al. (2023) which reveals the importance of tax education and that tax authorities need to be well equipped and prepared to enforce the law fairly and impartially.

Thus, from the above, we can deduce two immediate measures that the state must take quickly in order to fight tax evasion. These are, in our view, investment in staff training and technological infrastructure, which are essential to ensure the ability to detect and sanction tax evasion.

In addition to these, public measures and policies aimed at ensuring transparency and accountability in the management of tax revenues, which we consider crucial to maintain public confidence in the tax system and to encourage voluntary compliance. In the absence of these measures, honest taxpayers will not know how their money has been spent by the state, which will lead to them not voluntarily complying with payments in the years to come, but on the contrary, they will join the ranks of the tax evaders, with directly proportional effects on the increase in tax evasion.

Therefore, we can conclude from the above that combating tax evasion requires a holistic approach that optimally combines sound legislative measures, advanced use of digital technologies, international cooperation, tax education and effective tax administration.

We believe that by implementing these strategies and public policies, countries can significantly reduce the level of tax evasion, thereby ensuring sufficient revenues to finance essential public services and support sustainable economic development.

5. CONCLUSIONS

This study explores in a qualitative-descriptive manner the impact of digital technologies on the fight against tax evasion, emphasizing the role of modern technologies in detecting and preventing tax evasion.

As we demonstrated in the results and discussion section of this research, tax evasion is a complex problem, affecting state revenues and creating market inequities.

In this context, our study has shown that digitization provides effective solutions for monitoring economic transactions and detecting tax anomalies, with positive effects in the direction of early combating tax evasion.

Our results also demonstrate that the adoption by states of modern strategies, including the use of electronic reporting platforms and advanced data analytics systems, the adoption of artificial intelligence at the state and tax administration levels, have shown an increased ability to reduce tax evasion and improve tax collection.

In conclusion, we can state that combating tax evasion through digitization requires an integrated and holistic approach, including strict legislative measures, advanced use of digital technologies and international cooperation between states on tax administration.

In addition to this, it is imperative that the state adopts tax education and public awareness measures on the tax fraud and tax evasion.

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