ABSTRACT

DETECTING AND MINIMIZING NON-INDIVIDUAL TAX EVASION
(OCTOBER 2012)

Developing countries lose approximately US$285 billion a year because of tax evasion in the domestic economy. The most common forms of non-individual tax evasion include but are not limited to failing to report cash income, reporting less than actual income, hiding money in overseas accounts and improperly claiming tax deductions. Tax evasion can be revealed as a result of the actions of one employee in discovering these activities and reporting them to tax authorities. This is why many countries have created a whistleblower protection scheme which has helped unveil such fraudulent actions. Not filing taxes can involve major penalties for companies. The tax evasion ratio varies across countries, from an average of almost 80 percent in Senegal to less than 3 percent in Chile, with a gross average of 17 percent worldwide.