



Reducing The Risk Of Corruption Through Declaring Property And Income: International Experience And National Practice

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Abstract: The paper discusses how mandatory disclosure of assets and income reduces corruption risk by increasing transparency, enabling scrutiny, and deterring corrupt enrichment. Based on global standards and comparative practice, it determines the best practices such as formats, public availability, verification procedures, connection to asset recovery, and sanctions for non-disclosure. The study then examines national practice, assessing legal design, institutional capacity, and enforcement shortfall. Key findings show that statements succeed when they are followed by independent checks, web-based submission, risk-based screening, and public disclosure, while concealment, weak checks, and politization of outcomes erode results. The article concludes on some practical recommendations for improving declaration systems so that they can better avoid corruption and foster citizen trust.

Introduction: Declaration of assets, corruption prevention, transparency, verification, public integrity, illicit enrichment, asset disclosure, anti-corruption policy.

Introduction

Anticorruption requires a blend of institutional, legal, and cultural remedies. Public officials' declarations of assets and income are a principal preventive instrument: they provide openness, allow for the detection of conflict of interest and illegal enrichment, and help law enforcement and proceeds of crime recovery. International bodies (e.g., UNCAC, OECD, GRECO) prefer asset disclosure as an integral part of

integrity mechanisms, whereas country practices differ extensively in scope, accessibility, and enforcement. This paper consolidates international experience and reviews national practice to identify those design features and implementation approaches that best combat corruption risk. The analysis focuses on content and timing of declarations, public availability and privacy equilibrium, verification and audit, sanctions, cross-agency coordination, and technological tools enabling compliance and monitoring.

Method

In a market economy, the role of tax policy in ensuring the financial stability of the state is invaluable. In particular, the formation of a fair, transparent and effective taxation system for the income of individuals is considered an important factor in ensuring the economic development and social stability of any state. In today's era of globalization, many developed countries support an open tax system based on the declaration of their income by individuals. For example, in countries such as the USA, Germany, and Japan, fiscal control has been strengthened through tax declarations, budget revenues have increased, and the size of the informal economy has decreased. In recent years, Uzbekistan has also been implementing a number of reforms aimed at financial openness and simplifying tax administration. In particular, the adoption of a new edition of the Tax Code, the introduction of digital technologies, and systematic work to improve the legal culture of taxpayers — all this creates an important legal and institutional basis for the introduction of a system of taxation of income based on declarations [6].

The relevance of this topic is that taxation through declarations of income makes it possible to identify unofficial income, stabilize budget revenues, and most importantly, implement the principles of social justice. At the same time, for the effective implementation of this system, a scientific approach based on international experience, mechanisms adapted to local conditions, and the development of the state's digital infrastructure are of great importance.

As is known, the higher the income of citizens in any country, the more economic and social progress is achieved in that country. One of the current trends is the fact that, based on the Decrees adopted by the President of our country, Sh. Mirziyoyev, and based on the development strategy of the new Uzbekistan, which is being implemented, special attention is paid to the issue of creating new jobs in the country, increasing the income of the population and thereby reducing poverty by at least 2 times by the end of 2026.

After all, it is not for nothing that the President of our country put forward the idea that “When the people are rich, the state will be rich and powerful”.

As is known, since 2020, the new Tax Code has been put into practice. In accordance with the new Tax Code, many innovations have been put into practice. As part of the new tax policy, the tax burden on wages has been reduced by 1.5 times. As a result, the number of people working in the formal sector has increased, which is giving its positive results.

In world practice, taxation of income of individuals based on declarations not only involves collecting taxes for the state budget, but also creates opportunities for fair use of tax benefits by increasing the legal literacy of taxpayers. Based on this, the method of taxation of income based on declarations has been widely used for several years in economically developed countries of the world. In particular, the number of citizens who filed income tax returns in the United States was 162 million, 12 million in the United Kingdom, 56.9 percent in France [1].

In the current globalization environment, developed countries are paying special attention to simplifying the mechanism for taxing taxable income of individuals, increasing real income of the population by reducing income tax rates, and using modern information technologies to develop an electronic system for filing income tax returns.

It would not be wrong to say that the widespread use of the declaration-based taxation of individuals' income in the country is one of the ways to control citizens' propensity for corruption.

World experience shows that, along with the increase in the income of the population over the years, controlling the prices of consumer goods in the market is one of the main factors for their well-being. Every person living in society has the right to work and receive a certain income in return for their work. After all, the President of our country emphasized that the necessary conditions for productive work, decent wages, modern housing, quality education and medical care, creating ample opportunities for rest and leisure - all these are important factors that determine the essence and content of our reforms in the economic sphere. In this regard, we will focus on gradually increasing not only the minimum wage, but also the average wage in both budgetary organizations and economic entities, the amount of pensions, scholarships and social benefits. Indeed, it is necessary to ensure a decent standard of living and to pay the employee a decent salary for the time worked. In addition, providing incentives and financial support for work performed outside of working hours and additional work has a positive impact on the

quality of work.

The concept of income declaration is defined in scientific sources as follows. Income declaration is a notification submitted to state authorities by citizens (individuals) in a fiscal or calendar year, indicating their total taxable income. It has been introduced in all developed countries of the world along with property declarations.

Today, according to the Tax Legislation of the Republic of Uzbekistan, it is recognized that the declaration of total annual income consists of a written statement by the taxpayer about the annual income received.

In most economically developed countries, the population is required to submit to the tax authorities information on the amount and source of each income received during the previous fiscal year, along with documents indicating the expenses related to obtaining the income. That is, the population reflects its annual income and certain expenses related to its receipt in the declaration. The submitted declaration is checked by tax inspectors and can be accepted or changed. In most cases, a part of the funds paid by tax subjects during the year is returned from the state budget. Scholars from the World Bank and Harvard University have provided compelling evidence that internal review of declarations by anti-corruption bodies alone is not sufficient, and that they should be combined with public disclosure. S. Dyankov and colleagues, based on a comparison of empirical data on declaration systems in 175 countries with Transparency International's Corruption Perceptions Index, concluded that public disclosure is crucial to ensuring the effectiveness of declarations [2].

A compelling expert opinion on family tax returns comes from Alessandro Balestrino, a renowned economist and professor of Public Economics at the University of Pisa. In his book *The Economics of Family Taxation: Optimal Tax Issues from a Household Economics Perspective*, Balestrino argues that: "In reality, most agents act from within a family, and their interaction with the economy at large and tax policy in particular is mediated by the interdependence of the family members' choices" [3].

He advocates for a shift from individual-based taxation to a household-centered model, emphasizing that this approach better reflects economic behavior and can lead to more equitable and efficient tax outcomes. His work suggests that many traditional public finance models may need to be revised to accommodate the realities of family-based economic decision-making [3].

A thoughtful perspective on the inclusion of children in family income taxation comes from Philip Pilkington, an economist and researcher affiliated with the

Alliance for Responsible Citizenship (ARC). In his paper *Family Matters: Why Our Choices Determine Our Economic Prosperity*, Pilkington emphasizes that: "Strong, stable families are vital to a healthy society. In purely economic terms, family policy may hold the keys to unlocking long-term growth and prosperity." While he doesn't directly advocate for a specific tax model, his analysis supports the idea that recognizing the full family unit—including children—as an economic entity is essential for designing effective fiscal policy. He argues that overlooking the role of children and family structure leads to misguided public spending and missed opportunities for economic resilience [4].

A prominent voice echoing this idea is Alessandro Balestrino, an economist whose work deeply explores the taxation of family income from a household economics perspective. In his book *The Economics of Family Taxation*, Balestrino argues that: "Most agents act from within a family, and their interaction with the economy at large and tax policy in particular is mediated by the interdependence of the family members' choices." He supports the notion that income earned and consumed collectively should be treated as a unified economic unit for tax purposes. This aligns closely with the concept of a generalized family income declaration, where the household—not the individual—is the core subject of taxation. Balestrino's approach emphasizes that traditional models, which isolate individuals, often fail to capture the true dynamics of economic behavior within families [5].

Most of the economists mentioned above expressed their opinions on the mechanism of income declaration in order to ensure family well-being and maintain a stable population growth rate, taking into account the internal capabilities of their country. In our opinion, we cannot say that the application of the declaration mechanism taking into account family status or the number of children in our country will give a positive result. However, we believe that further expansion of the mechanism of deduction of certain socially significant expenses based on declaration in order to ensure family well-being will give a positive result.

Declaration of assets and income of civil servants is one of the key tools for preventing corruption. It creates an information base that helps identify discrepancies between official income and actual standard of living, detect conflicts of interest, and track the accumulation of unexplained assets. With the right legislative framework and effective implementation, declarations help increase transparency, strengthen public trust in government institutions, and create conditions for investigating and returning illegally acquired property. Declarations affect the risk of corruption in several complementary ways. First, the publicity of information

acts as a deterrent: an official, knowing that his assets are subject to analysis, is more likely to refrain from illegal transactions. Second, declarations facilitate the identification of anomalies and provide a starting point for inspections or criminal investigations. Third, systematized data allows for risk-oriented inspections and the focus of anti-corruption agencies on the most suspicious cases.

An effective system includes: (1) a broad range of obliged declarants, not only senior officials but also mid-level managers and decision makers; (2) a clear list of assets that must be declared, including foreign accounts, corporate stakes, real estate, high-value gifts, and loan commitments; (3) regular filing and updating of information; (4) a mechanism for independent verification; (5) sanctions for failure to provide, inaccurate, or concealed information; (6) a balance between publicity and protection of privacy rights.

Public access to declarations enhances public oversight and allows the media and NGOs to engage in verifying the accuracy of information. However, openness must be balanced with protection of confidential information, so as not to jeopardize the safety of officials and their families. In practice, approaches with different levels of access are used: full public access to aggregated data and partial access to details for authorized bodies, with strict sanctions for misuse of information.

The quality of declarations depends on the ability of the state to verify the information provided. Electronic declaration systems simplify analysis, allow cross-checking data with tax databases, real estate registries and banking information (in the manner prescribed by law). Automated algorithms can identify anomalies and rank risks, which makes checks more targeted and effective. An important element is the access of authorized bodies to international financial information within the framework of international cooperation.

The presence of sanctions for violations strengthens the preventive effect. Sanctions should be multi-level and include disciplinary, administrative and criminal measures depending on the nature and severity of the violation. Measures to ensure compensation and confiscation of illegally acquired property are also important. The adoption and application of sanctions reinforces the message of intolerance to corruption and increases the prestige of the declaration institution.

Implementation of the declaration system requires strong institutions: independent verification agencies, judicial and legal support, trained personnel and

technical resources. Coordination between tax authorities, real estate registrars, banking supervision and law enforcement agencies is necessary. Investments in training analysts, developing risk assessment methodologies and creating transparent procedures for processing applications are critical for the sustainable operation of the system.

Many countries demonstrate a variety of approaches. Successful examples show that efficiency is achieved by combining publicity, digitalization and independent verification: electronic registers with public access, regular audits, cooperation with international financial institutions. Failures are usually associated with formalism of requirements without real verification, political control over inspection bodies and the lack of sanctions. When adapting foreign practices, it is necessary to take into account the national context and balance between transparency and security.

Declaration of property and income is a powerful tool for reducing corruption risks, provided that it is systematically implemented. Recommendations: expand the circle of declarants; formulate a complete and clear list of assets; introduce mandatory electronic filing and automatic verification tools; ensure real public access while protecting personal data; create independent verification bodies and apply adequate sanctions; develop interdepartmental and international cooperation

Conclusion

Asset and income declarations can considerably reduce corruption risk when framed within a robust governance context. Core success factors include broad coverage of officials, conclusive reporting requirements, timely and secure electronic filing, public access balanced against legitimate privacy protections, independent audit and verification capacity, good sanctions for faulty reporting, and strong political resolve to enforce rules. Worldwide collaboration and access to financial information enhance supervision of cross-border assets. Countries need to avoid most common pitfalls in the guise of symbolic reporting regimes, weak verification, and insufficient transparency. Through the implementation of best practices and investment in the capacity of institutions, governments can enhance prevention, facilitate investigations, and ensure public confidence in state institutions.

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